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ABSTRACT

The economic awareness teaching module is one of a series of six modules prepared by Project SPICE (Special Partnership in Career Education) as a means of providing career awareness information to educable mentally handicapped students (ages 11-to-13 years). After an overview, a module profile is provided which charts the units, the activities in each unit, and the resources or materials needed for the unit. The units included in the module are "Paychecks and Taxes", "Spending Your Money", "Banking", and "Supply and Demand". An assessment test on "Personal Finances" is provided for use prior to the activities as well as the address for obtaining a second assessment instrument. Appended are student resource materials with the following titles - "Paychecks and Taxes", "Spending Your Money", and "Banking". (PHR)

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PROJECT S.P.I.C.E.

SPECIAL PARTNERSHIP IN CAREER EDUCATION

ECONOMIC AWARENESS

TEACHING MODULE

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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SEPTEMBER, 1978

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Many individuals contributed, either directly or indirectly, to the planning, development, implementation and evaluation of Project S.P.I.C.E. In a project of such large magnitude and short duration, it is seldom possible to acknowledge the efforts of all the persons who contributed to the project's success. Nonetheless, it is only appropriate to mention those whose efforts were essential to the project.

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Title VI of the Civil Rights Act of 1964 states: "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." Title IX of the Education Amendments of 1972, Public Law 92-318, states: "No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance." Therefore, career education projects supported under Sections 402 and 406 of the Education Amendments of 1974, like every program or activity receiving financial assistance from the U.S. Department of Health, Education, and Welfare, must be operated in compliance with these laws.

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INTRODUCTION

Project S.P.I.C.E. (Special Partnership In Career Education) was conceived as a means of providing career awareness information to intermediate aged educable mentally handicapped students. Six modules have been developed for the Project S.P.I.C.E. curriculum. These six modules are designed to meet the following elements of the National Standard Career Education Model:

1. Career Awareness
2. Educational Awareness
3. Economic Awareness
4. Beginning Competency
5. Decision Making
6. Employability Skills
7. Self Awareness
8. Attitudes and Appreciations

The six modules are entitled:

1. Self Awareness (Standard 7)
2. Career/Educational Awareness (Standards 1, 2)
3. Decision Making (Standards 4, 5)
4. Economic Awareness (Standard 3)
5. Employability Skills (Standard 6)
6. Rights and Responsibilities (Standard 8)

Each module follows the same format: an overview and an activities section.

The overview includes: Module Objective; Student Performance Objectives; Module Organization; Module Utilization; Assessing Student Activities.

Following the overview are the activities for the module.

The directions in the overview inform you of any necessary, additional materials needed for the completion of the module. Also, estimated time spans are included to help you decide how the materials could be used in the classroom.

The modules are not intended to be strict rules for implementing a program; rather, they are to be considered as guidelines and suggestions. You should feel free to alter, add, exclude, or ignore any of the activities included in the modules.

Materials for the Project S.P.I.C.E. Curriculum include:

1. Original materials designed by Project S.P.I.C.E. personnel and teachers.
2. Materials adapted from The Valuing Approach to Career Education, 3-5 Series, published by Education Achievemsnt Corporation.
3. Materials from the State of Florida, Department of Education, Division of Vocational Education, Employability Skills Series.
4. Commercially produced materials from:
   Walt Disney Productions
   Society for Visual Education
   McDonald's Corporation

The career awareness program you establish for your students must meet their needs, just as Project S.P.I.C.E. met the needs of our students. Remember, Project S.P.I.C.E. is not a curriculum you introduce in place of an existing program but, more importantly, an integration into your on-going curriculum.

Welcome to Project S.P.I.C.E. We hope you find it as exciting and successful as we have.

OVERVIEW

MODULE OBJECTIVE

The student will demonstrate increased knowledge of the American Economic System.

STUDENT PERFORMANCE OBJECTIVES

The student will be able to:

1. List two paycheck deductions.
2. Identify two fringe benefits.
3. List two services provided by taxes.
4. List three smart shopping rules.
5. List two dangers of buying on credit.
6. List two results of not making credit payments on time.
7. List two reasons for keeping a budget.
8. Identify three types of insurance.
9. Identify one low interest loan source.
10. Identify one high interest loan source.
11. List two benefits of keeping a savings account.
12. List two benefits of keeping a checking account.
13. List three ways in which he is a consumer.
14. State the relationship between supply and demand in our economy.

MODULE ORGANIZATION

This module is designed to help students become aware of the basic concepts of economics and, in particular, personal finances. This module includes four units with twelve activities.

Unit I: Students are introduced to paycheck and taxes. They learn about deductions and fringe benefits.

Unit II: Students will learn how to spend their money; smart shopping rules; buying on credit; paying bills; making and keeping a budget; insurance; borrowing money.

Unit III: Students will be introduced to the services available through the local banks. Two major emphases for this unit are savings accounts and checking accounts.

Unit IV: Through appropriate activities, students will gain an understanding of the basic economic terminology such as: consumer, supply and demand, goods and services, etc.

This module has been developed by using the Employability Skills Series, Personal Finances produced by the State of Florida, Department of Education, Division of Vocational Education; Winnie the Pooh and The Value of Things developed and distributed by Walt Disney Educational Media Company, 500 South Buena Vista Street, Burbank, California, 91521, and McDonald's Action Pack developed and distributed by McDonald's Corporation, P.O. Box 2594, Chicago, Illinois, 60690.

MODULE UTILIZATION

This module will require additional planning and preparation. All the worksheets from Personal Finances are provided in the module. You will need to supplement this module with other economic education materials. The media materials and commercial booklet referred to in this module are excellent. You may wish to substitute other materials that are available to you.

The economic concepts that are presented in this module are intended to familiarize intermediate age students with the economic terms so that in later study that will have a better understanding of basic economics and be prepared for more in-depth learning.

The activities involved in this module may be taught in any sequence. You should allow time throughout your program period to cover the material in economics, although it could be taught in a shorter period of time.

The material may be taught during mathematics, language arts or social studies. Providing the students with as many hands-on activities as possible for reinforcement is considered necessary. The community career consultants and parents provide vital information and demonstration of economics in the "real" world. Involve them in this module.

ASSESSING STUDENT ACHIEVEMENT

Student achievement can be assessed in two ways: (A) by evaluating the quality of each student's participation in the activities of the module and (B) administering the test at the end of this module.

(A) Students participate in a variety of learning activities including hands-on activities, all of which are intended to help students achieve one or more of the objectives. Thus, you may establish performance criteria for each activity and evaluate student achievement based upon a student's participation in the learning activities. Self tests are provided for review of Personal Finances activities.

(B) Student attainment of the objectives for this module can be measured in part by the true-false test and Educational Progress In Careers (EPIC) M-4 test provided at the end of the module. The EPIC Test may be obtained from Disseminations/Diffusion Section, Division of Vocational Education, Department of Education, Tallahassee, Florida, 32304, or check with your local district administrators. Directions for test administration are included as well as an answer key for the true-false and a table which relates each item on the test to the student objective with which it is associated.

MODULE PROFILE

TOPIC	LEARNING ACTIVITIES	RESOURCES/MATERIALS
UNIT I: Paychecks and Taxes ACTIVITY I: Deductions	Introduce pages 1-2 of Personal Finances. Students complete activity page 3.	Pages 1-2 in Personal Finances Activity Page 3
ACTIVITY II: Fringe Benefits	Invite a community career consultant to discuss fringe benefits to the students. Have the students keep a list of fringe benefits offered to employees from various companies. Introduce pages 4-6, Personal Finances to the students. Students complete activity pages 7-8.	 Pages 4-6 in Personal Finances Activity page 7-8
ACTIVITY III: Paying Taxes	In social studies or language arts present lessons concerning the establishment of taxes. Students read page 9-10 of Personal Finances to become familiar with services paid for by taxes.	Available material on establishment of taxation. Pages 9-10, Personal Finances Self-Test page 11
UNIT II: Spending Your Money ACTIVITY I: Shopping Rules	Introduce pages 12-13 of Personal Finances. Students complete activity pages 14, 15.	Pages 12-13, Personal Finances Activity Page 14, 15 Self-Test page 16.

MODULE PROFILE (CONT'D)

TOPIC	LEARNING ACTIVITIES	RESOURCES/MATERIALS
ACTIVITY II: Buying On Credit	Introduce the term "credit" to the students. Explain and discuss the term. Have students read pages 17-18 of Personal Finances. Arrange to have students discuss credit buying with community career consultants from the retail stores. Encourage the students to talk with their parents about their use of credit.	Pages 17-18, Personal Finances Community Career Consultants
ACTIVITY III: Paying Your Bills	Students complete activity page 19. Have students read pages 20-21 of Personal Finances. Ask community career consultants from credit bureaus or credit officers of local banks or stores to visit your class to discuss the importance of the "credit rating". Students complete activity page 22 Community career consultants from leading institutions discuss the importance of credit rating	Activity Page 19 Page 20-21, Personal Finances Activity page 22, Personal Finances Self-Test page 23 Community Career Consultants

MODULE PROFILE (CONT'D)

TOPIC	LEARNING ACTIVITIES	RESOURCES/MATERIALS
ACTIVITY IV: Keeping A Budget	Introduce, explain and discuss the meaning of budgeting your income. Students read pages 24-25 of Personal Finances to understand why you should have a budget. Students complete activity page 26. Community career consultants, parents and school officials discuss how their businesses, personal or school budgets are established and why they are useful.	 Pages 24-25 of Personal Finances Activity Page 26 Self-Test page 27 Community Career Consultants Parents
ACTIVITY V: Finding Out About Insurance	Students discuss with parents kinds of insurance coverage family has. Students share information with class. Students read pages 28-30 of Personal Finances for brief description of common forms of insurance. Students complete activity page 31. Insurance agent discuss kinds of insurance with the students.	Parents Pages 28-30, Personal Finances Activity Page 31 Self-Test Page 32 Community Career Consultants
ACTIVITY VI: Borrowing Money	Introduce term "loan" to the students. Students read pages 33-35 of Personal Finances for information	

MODULE PROFILE (CONT'D)

TOPIC	LEARNING ACTIVITIES	RESOURCES/MATERIALS
	on where money can be borrowed and low or high interest loans. Students complete activity page 36.	Pages 33-35, Personal Finances Activity Page, 36 Self-Test, 37
	Community Career Consultant from a loan institution discusses and explains loans to the students.	Community Career Consultants
UNIT III: Balancing		
ACTIVITY I: Savings Account	Invite community career consultant from a banking establishment to introduce and discuss savings accounts with students.	Community Career Consultants
	Students read pages 38, 39, 41-44 of Personal Finances for reinforcement of the banker's discussion.	Pages 38, 39, 41-44, Personal Finances
	Students complete activity pages 40, 45, 46.	Activity Page 40, 45, 46 Self-Test Page 41 Performance Test Page 47
ACTIVITY II: Checking Account	Invite community career consultant from a banking establishment to introduce and discuss checking accounts with the students.	Community Career Consultant
	Students read pages 48-52, 58-62 of Personal Finances to reinforce the banker's discussion.	Pages 48-52, 58-62, Personal Finances

MODULE PROFILE (CONT'D)

TOPIC	LEARNING ACTIVITIES	RESOURCES/MATERIALS
	Students complete activity pages 53-55, 63, 64.	Activity Pages 53-55, 63, 64 Personal Finances Performance Test Page 56, 57
UNIT IV: Supply and Demand ACTIVITY I: The Value of Things	Introduce the basic concept of economics with filmstrip series Winnie The Pooh and The Value of Things or other available materials. Discuss and explain each concept that you wish to focus upon.	Winnie The Pooh And The Value Of Things by Walt Disney Educational Media Company or other available materials.
ACTIVITY II: Supply & Demand	Introduce Supply and Demand through the use of McDonald's The Wonderful Treasure Tree. Many activity pages are included.	McDonald's Corporation's The Wonderful Treasure Tree or other available materials.

LEARNING ACTIVITIES

Unit I

Paychecks and Taxes

Student Performance Objective: The student will be able to list two paycheck deductions.

Activity One - Deductions

Probably the most important aspect of a job for many students is the salary. Although salary or wages constitute a major consideration when selecting an occupation, students need to understand that the salary quoted to them in an interview is quite different from the actual take-home pay.

Introduce pages 1-3 of Personal Finances. Here the students will learn about social security, withholding tax, health insurance, etc. One activity page is included for the students.

Activity Two - Fringe Benefits

Most students do not know the meaning of the term "fringe benefits." You will need to introduce the term and explain it to the students. A community career consultant is an excellent person to ask to explain the concept of fringe benefits to the students. You may even have the students keep a list of the fringe benefits offered to employees from various companies. The list can be developed from information received from in class or on-site visitations.

Introduce pages 4-8 of Personal Finances to the students. These pages discuss the most common fringe benefits received by an employee. One activity page is included for the students.

Activity Three - Paying Taxes

Students are familiar with the term "taxes." They have discovered taxes are taken out of their pay. They are also accustomed to paying taxes on many purchases they make. Through your social studies or language arts, present lessons concerning the establishment of taxes in the United States. If possible, trace the history of taxes.

Introduce pages 9-10 of Personal Finances to the students. These pages discuss the services paid for by taxes. Encourage students to find additional services that are provided for by taxes in your community.

Unit II

Spending Your Money

Student Performance Objectives: The student will be able to:

1. List three smart shopping rules.
2. List two dangers of buying on credit.
3. List two results of not making credit payments on time.
4. List two reasons for keeping a budget.
5. Identify three types of insurance.
6. Identify one low interest loan source.
7. Identify one high interest loan source.

Activity One - Shopping Rules

The students are now familiar with a paycheck. They understand the difference in gross pay and net pay. They must now become familiar with how they can best live on that net pay. Introduce to the students pages 12-15 of Personal Finances. Students will become acquainted with rules for being an economical shopper. Two activity pages are included for the students.

Activity Two - Buying on Credit

As adults, we know that it is often impossible to make large purchases on strictly a cash basis. Students must learn the term "credit" and its advantages and disadvantages. Introduce the term to the students. Explain and discuss the meaning of credit. Have the students read pages 17-19 of Personal Finances. These pages stress the dangers of credit buying.

After completion of the pages in Personal Finances, arrange to have the students discuss credit buying with community consultants from the retail stores. Encourage students to talk with their parents about their need for credit, how they use credit, etc.

Activity Three - Paying Your Bills

To reinforce the concept that credit buying only postpones the bill and unless you budget for your credit purchases, you will be in financial difficulty, have students read pages 20-22 of Personal Finances. Students will learn the consequences of buying on credit and not making credit payments on time.

You may wish to ask community career consultants from credit bureaus, credit officer of local department stores or banks to visit with your class. They can discuss the importance of your "credit rating".

Activity Four - Keeping a Budget

Introduce the concept of budget to the students. Explain and discuss the meaning of budgeting your income. Present pages 24-26 of Personal Finances. These pages aid the students in their understanding of why you should have a budget. One activity page is included.

For a more in-depth look at budget, assign students the task of making a budget. You may wish to have this assignment completed at home, encouraging the students to work with their parents in creating or learning about the family budget.

Again, your community career consultants can discuss how their business establishments use budgets. Why not ask your principal or other school officials to talk about the school budget? You might find your city councilman or county commissioners eager to talk about their budgets.

Activity Five - Finding Out About Insurance

In discussing paycheck deductions and fringe benefits, the students learned that health and life insurance are often provided by the employer. In this activity students will learn about the most common types of insurance and the meaning of each. Introduce this activity by having students talk with their parents about the kinds of insurance they have, and then have the students share their information with their classmates.

Have students read pages 28-31 in Personal Finances. These pages give brief simple definitions of the most common forms of insurance. One activity page is included for the students.

Schedule an insurance agent to come into the classroom to discuss kinds of insurance with the students. At this time, do not get bogged down with varying coverage; only types of insurance available and the possible value of having insurance are appropriate topics.

Activity Six - Borrowing Money

Students are beginning to realize that often what they learn will not always meet the demands of what they need to buy. They have been introduced to credit buying and have a fairly clear picture of the possible need for, and the hazard in, credit buying; however, necessary purchases need to be made which require a loan. It is now time to present the concept of loans to the students. Assign pages 33-36 of Personal Finances for the students to read. Discussed in these pages are places where money can be borrowed as well as which places offer low or high interest loans.

Schedule a visit to a bank, loan company, etc., or have a community career consultant from one of these establishments visit the classroom. The consultant then assists in explaining loans to the students.

Unit III

Banking

Student Performance Objective: The student will be able to:

1. List two benefits of keeping a savings account.
2. List two benefits of keeping a checking account.

Activity One - Savings Account

Students have become aware of receiving a paycheck, shopping, buying on credit, budgeting their money and borrowing money. Now is the time to discuss savings accounts. The best person to talk to the students about savings accounts is your local banker. He can readily give up-to-date information about a savings account: passbook, special passbook, trust, certificates of deposit, etc.

As reinforcement to the banker's discussion, assign the student pages 38-46 in Personal Finances to read. Two activity pages are included for the students.

Activity Two - Checking Accounts

During the presentation by the banker, checking accounts can also be discussed. The banker can inform the students about the policies concerning checking accounts and give up-to-date information on different types of checking accounts. Frequently, banks will provide blank checks for students to use to learn how to properly fill out a check. See what materials you can get from your local bank to reinforce the information your class gets from the banker.

Reinforcement of the information learned from the banker can also be accomplished by having the students study pages 48-64 of Personal Finances. Three activity pages are included for the students.

Unit IV

Supply and Demand

Student Performance Objectives: The student will be able to:

1. List three ways in which he is a consumer.
2. State the relationship between supply and demand in our economy.

Activity One - The Value of Things

Students have learned that one reward for work is a paycheck. They have also learned many other facts about managing their money. Students must now become aware of basic economic concepts such as personal values, needs and wants, price and cost, exchanging wages for labor, etc.

Introduce the basic concepts of economics by viewing the filmstrip series, Winnie the Pooh and the Value of Things by Walt Disney Educational Media Company. These filmstrips, "The Value of Things", "What Does It Cost", "Plan Ahead", "The Job Is Yours", "You Can Bank On It", and "Money Matters" are designed to help students become aware of basic economic concepts.

The filmstrips can be used in conjunction with mathematics, social studies or language arts studies. Each filmstrip should be followed by a discussion. You may also wish to design various activities to reinforce the information presented in the filmstrips; for example, crossword puzzles, hidden messages, special research projects (a good peer-tutoring activity).

Activity Two - Supply and Demand

By introducing McDonald's Corporation's The Wonderful Treasure Tree, students can further explore the economic concept of supply and demand. Through the pages of this activity book, students become consumers and deal with scarcity, goods and services, and factors of production. Twelve activity pages are included in the booklet. Pre and post tests are also included with the materials.

ASSESSMENT INSTRUMENTS

Test Administration

Pre-Test

By administering the true-false Personal Finances test and the EPIC "My Knowledge of the Economic System" test before using any activities in the module, you will have information concerning the student's present knowledge of economics.

The Personal Finances test consists of twenty (20) true-false statements. Students read the statements and circle the correct answer. For those students unable to read the test, it may be administered orally, with students circling the answer.

The EPIC "My Knowledge of the Economic System" consists of twenty (20) true-false statements. Students read the statements and mark the answer on an answer sheet. For those students unable to read the test, it may be administered orally, with students marking the answers.

Post-Test

The post-test should be given at the conclusion of the module. The post-test is identical to the pre-test. Directions for administering the post-test are the same as for the pre-test.

Personal Finances Test Answer Key

Objective No.	Item No.	Correct Answer
1	1	T
1	2	T
2	3	T
2	4	F
3	5	F
3	6	T
4	7	T
4	8	T
5	9	T
5	10	F
6	11	T
7	12	T
7	13	F
8	14	T
8	15	T
9	16	T
10	17	F
11	18	F
11	19	T
6	20	F

PERSONAL FINANCES

1. One common deduction from a paycheck might be union dues.

   TRUE FALSE

2. A common paycheck deduction is social security.

   TRUE FALSE

3. One fringe benefit offered by many employers is a paid vacation.

   TRUE FALSE

4. A common fringe benefit is pre-paid auto liability insurance.

   TRUE FALSE

5. Governments use tax money to provide shoes for all children.

   TRUE FALSE

6. Governments use tax money to provide foreign aid.

   TRUE FALSE

7. One good rule for shopping is to think ahead about your purchases.

   TRUE FALSE

8. A good rule for shopping is to compare prices.

   TRUE FALSE

9. One of the problems with buying on credit is that ~~it~~ discourages shopping around.

   TRUE FALSE

10. You may be fired from your job if you don't make credit payments on time.

    TRUE FALSE

EPIC Test is suggested for measuring pupil performance. The test may be obtained from:

Dissemination/Diffusion Section
Division of Vocational Education
Department of Education
Tallahassee, Florida 32304

11. If you don't make your credit payments on time, you could get a bad credit rating.

TRUE FALSE

12. Having a budget will help you plan to live on your pay.

TRUE FALSE

13. Having a budget will generally raise your taxes.

TRUE FALSE

14. A common type of insurance is life insurance.

TRUE FALSE

15. Most people have health insurance.

TRUE FALSE

16. Credit unions generally offer relatively low interest loans.

TRUE FALSE

17. Interest rates at pawn shops are generally very low.

TRUE FALSE

18. A savings account keeps you ahead of inflation.

TRUE FALSE

19. A savings account is a fairly safe place to keep your money.

TRUE FALSE

20. One of the problems with buying on credit is that you have to save up to buy things.

TRUE FALSE

M-4 - Knowledge of the Economic System

M-4 - Knowledge of the Economic System

Directions: Mark "T" if you believe a statement is true. Mark "F" if you believe a statement is false. For example:

Many Americans own their own homes.

---

1) Gross profit is what remains when a business has paid its expenses out of its income.

2) Stock certificates means shares in a company.

3) A manufacturer must pay wages and taxes.

4) Bankrupt means that a business or person makes a profit.

5) Mass production has resulted in higher costs of production.

6) Competition in our economy helps to keep prices down.

7) The number of goods available is called demand.

8) Businesses may develop in a certain geographical area to be near a source of labor.

9) The reason people go to work is to help the economy.

10) Auction means that all goods are sold for the same price.

11) Budget means how a business or person plans to spend money.

12) Wealthy people can buy anything that they want.

13) A change in demand may be caused by changes in consumer taste or income.

14) Interest is one cost charged to a customer who borrows money.

15) If everyone accepted bottle caps in exchange for goods or services, then bottle caps should become the same as money.

16) If everybody were given more money, things would cost more.

17) Government spending for education is now the highest in the history of education.

18) Tax is money collected by the government from its citizens.

19) Export means a "black market."

20) In communistic countries, the government owns the industries.

APPENDIX - STUDENT RESOURCE MATERIALS

CHOOSING AN OCCUPATION

Selected Pages from

CHOOSING AN OCCUPATION
PERSONAL FINANCES
GOOD WORK

Developed by:

Career Education Center
Florida State University

pursuant to a contract with the State of Florida, Department of Education, Division of Vocational Education.

Permission for reprinting of the selected pages has been obtained from:

State of Florida
Department of Education
Division of Vocational Education
Ralph D. Turlington, Commissioner

NOTE: Page numbers in parentheses correspond to pages in the original text material.

Paychecks and Taxes

Collecting Your Pay

When you take a new job, you and your employer agree on your rate of pay. It may be an hourly, weekly, or monthly rate. But when you get your paycheck, you may find that it is smaller than you thought it would be. Read Sharon's story to see why.

Sharon knew just what she wanted to do with her first weekly paycheck. She had worked 40 hours a week at $2.40 an hour for a total of $96. But when she received her paycheck, it was for only $69.68! What had happened to the rest of her pay?

What Sharon didn't know was that some money would be taken out of her paycheck for taxes, insurance, and other payments—before she received it. These subtractions are called *deductions*, because the amount of money is deducted or taken away from a worker's pay by the employer before the paycheck is made out. Some deductions are required by law, such as Social Security and withholding tax. Deductions not required by law may include insurance payments, union dues, and retirement plan payments.

Finding out where her money went and why deductions were made helped Sharon get over some of her shock. Below is a copy of the statement that came with Sharon's check.

EMPLOYEE'S PAY STATEMENT

General Services, Inc.
1234 Broad Avenue
Jamestown, Florida 33127

HOURS		EARNINGS					DEDUCTIONS					
Regular	Overtime	Regular	Overtime	Bonus	Other	Gross Pay	FICA	Withholding Tax	Health Insurance	Labor Union Dues	Credit Union	Net Pay
40	——	96.00	——	——	——	96.00	5.62	12.70	3.00	——	5.00	69.68

Using the company handbook, Sharon figured out the meaning of each part of her pay statement. The *FICA* (Federal Insurance Contribution Act) deduction is for Social Security. Sharon and her employer pay equal amounts into Sharon's Social Security account. She pays about 6 percent of her earnings, and her employer pays the same amount. When she reaches retirement age, Sharon will receive monthly Social Security checks. When she dies, her family may receive some money from her Social Security account. And if a doctor says she is physically unable to work (disabled) before she retires, she may be able to receive monthly disability payments.

Withholding tax is the federal income tax deduction. This tax helps pay the cost of running the government. The more money a person makes, the more s(he) pays in income tax. Most beginning workers pay about 15 percent of their earnings for federal income tax. The law requires employers to deduct tax money from each employee's paycheck every pay period and send it to the federal government in Washington, DC. This way, the employee pays only a little of his/her taxes at a time, instead of having to pay a large amount all at once.

At the end of each year, Sharon's employer sends her a statement that shows how much she has earned during the year, how much was taken out for Social Security (FICA), and how much was withheld for federal income tax. When Sharon files her income tax return, she gives the government a copy of this statement to show how much withholding tax she has already paid. If too much income tax has been taken out each payday, she will get some money back from the government

(9)

after she files her income tax return. If too little was taken out, she will have to pay the difference.

Sharon pays $3 a week for her company's *health insurance* plan. This helps pay for her hospital and doctor bills. She does not belong to a labor union, so no *union dues* are deducted. She does belong to her company's *credit union* (a special bank for employees). Sharon saves $5 a week by having the money deducted from her paycheck and put directly into her savings account at the credit union.

Sharon's total deductions are $26.32. Since her *gross pay* (total pay before anything is taken out) is $96.00, her *net pay* (the amount left after deductions are subtracted from gross pay) is $69.68 ($96.00 - 26.32 = $69.68). This is the amount that appears on her paycheck.

Activity:

Deductions

1 The employee's pay statement on page 9 shows that Sharon has four deductions on her paycheck. List the four deductions and what they are for, starting with the largest amount and ending with the smallest.

a. _____

b. _____

c. _____

d. _____

2 Here are some terms that might show up on a pay statement with your paycheck. Fill in the blanks with the letter of the correct term on the left.

a. withholding tax
b. health insurance
c. gross pay
d. total deductions
e. FICA
f. net pay
g. credit union

___ federal income tax
___ the actual pay received after deductions have been made
___ all the deductions added together
___ Social Security; money for old age or disability
___ insurance to pay hospital and doctor bills
___ total amount of pay before anything is taken out

Learning about Fringe Benefits

In the last section you studied deductions, which are subtracted from your paycheck. Some of the deductions pay for benefits such as inexpensive health insurance and automatic savings at the company credit union. Many employers also offer other benefits that you don't pay for. Although these extras don't add money to your paycheck, they are worth money. These extras are called *employee benefits* or *fringe benefits*. They may make up for a smaller salary. Before you take a job, be sure to look carefully at the fringe benefits that may go with it. For example, which job in the following story would you rather have?

Jim worked as a salesclerk in a clothing store. He liked his job—the pay was good and the hours were short. One morning his friend Ron walked in. Jim felt sorry for him because Ron worked as a stock clerk in a large department store. Ron's salary was small, and the work was fairly hard. Instead of a pleasant showroom, he worked in a storage room.

"Hello, Ron. What are you doing here at this hour of the morning? Did you quit your job?"

"Oh, no," answered Ron, "I'm on vacation this week. I came to buy some clothes for my trip to Washington."

"Vacation? But how can you afford to take a vacation?" asked Jim. "You'll lose a week's pay."

"The company I work for has a paid vacation plan," answered Ron, looking through some slacks.

"Paid vacation? You mean they pay you even when you're not working?"

"Sure. It's one of the fringe benefits my company offers. There are other benefits too—retirement, holidays, health insurance . . . "

"Health insurance?"

"Yes. The company pays part of my hospital and doctor bills when I'm sick. Here, I think I'd like to try on these pants."

Jim started thinking; he remembered when he was sick last year. He lost money when he couldn't work, and he paid a lot of doctor bills. The last time he took a day off to go fishing, he lost that day's pay as well. Maybe his job wasn't so good after all.

There are many kinds of fringe benefits. Here are some of the more common ones:

TIME OFF WITH PAY

Vacations A certain number of days off each year for vacation, with pay; usually one or two weeks.

Holidays Certain holidays off, with pay; for example, July 4, Labor Day, Thanksgiving, Christmas, New Year's Day.

Sick Pay A certain number of days off each year for sickness, with pay.

INSURANCE PLANS

Health Insurance Low-cost insurance to help pay the employee's hospital and doctor bills.

Life Insurance Low-cost insurance that will pay a certain amount of money to a person named by the employee when the employee dies.

BENEFITS REQUIRED BY LAW

Social Security — A federal government program that provides regular income to retired and disabled people.

Workmen's Compensation — An insurance program that pays workers if they are hurt because of their jobs.

Unemployment Compensation — A government program that pays workers if they lose their jobs through no fault of their own, for example, if the employer goes out of business. To qualify, the worker must be able to work, but unable to find another job.

OTHER BENEFITS

Retirement Programs — Company programs that provide regular payments to the employee after retirement.

On-Site Medical Programs — Convenient, free, or inexpensive medical services.

Bonuses — Extra money given by some companies to their employees on special occasions such as Christmas.

Profit-Sharing Plans — Programs that allow the employee to buy company stock and earn profits (money) as the company grows.

Disability Benefits — Cash payments to an employee who is out of work because of a sickness or injury not caused by the job.

Education and Advancement Benefits — Free education and training for promotion; management training courses; on-the-job training.

Recreational Benefits — Company programs that provide discount tickets to amusement parks; sponsor team sports; and offer recreation areas, pools, or gymnasiums to employees.

Credit Unions — Special company banks that offer savings programs and low-cost loans for employees.

Activity:

Fringe Benefits

1 Match the name of the fringe benefit in Column 1 with its meaning in Column 2.

Column 1	Column 2
a. vacation	___ You receive medical care and cash payments after being hurt on the job.
b. health insurance	___ You receive cash payments if you lose your job through no fault of your own.
c. workmen's compensation	___ The hospital and doctor bills would really hurt you without this.
d. bonus	___ You receive an extra check for $25 at Christmas.
e. unemployment compensation	___ You have two weeks off, with pay, to use as you wish.
f. life insurance	

2 Which of the fringe benefits on pages 14-15 do you think are most important? Why?

a. _____

b. _____

c. _____

d. _____

8

3

Answer *yes* or *no* to each of the following questions.

a. Ralph was hurt while working at the new building site and will be unable to work for at least a year. Can he apply for unemployment compensation? _____

b. The Speedo Printing Company has gone out of business. Now Janet is out of a job. Can she apply for unemployment compensation? _____

c. After three years with the James Fabric Company, Henry has been laid off. Can he apply for workmen's compensation? _____

d. Karen can't work for a long time because she was badly injured at the chemical plant where she used to work. Can she apply for workmen's compensation? _____

Paying Taxes

Everybody pays taxes. They pay sales taxes when they buy things and property taxes if they own land. They pay income taxes out of their paychecks. Without taxes, the government would not have the money to pay for the many services that it provides.

The list below shows *some* of the services paid for by taxes. You may be able to think of others that are not shown. Look over the list and decide which of these services are most important to you.

armed forces
bus service
courts
elections
fire fighters
foreign aid
highways
hospitals
national parks
police
prisons
research
schools
space exploration
state employment services
veterans' benefits
welfare and food stamps

(19)

10

What happens if you do not pay your taxes? **Tax laws are very strict. You may have to pay a fine, or even go to prison if you break a tax law.**

Which three of the government services on page 19 do you think are most important?

1 _____

2 _____

3 _____

Name _____

Date _____

Self-Test

Objective 1

List three paycheck deductions.

1 _____

2 _____

3 _____

Objective 2

Match the fringe benefit to its meaning.

___ 1	life insurance	a.	company programs that provide regular payments to the employee after retirement
___ 2	retirement programs	b.	company programs such as discount tickets to amusement parks, recreation areas, and team sports
___ 3	Social Security	c.	low-cost insurance that pays a certain amount of money to a person named by the employee when the employee dies
___ 4	recreational benefits	d.	a federal government program that provides regular income to retired and disabled people

Objective 3

List three services that taxes pay for.

1 _____

2 _____

3 _____

12

Spending Your Money

Learning Smart Shopping Rules

Whether you earn a salary, or have only your allowance or Christmas money to spend, you'll find that your money will go further if you use good buying practices. If you shop carefully, you'll get more for your money.

Sarah's old watch broke and she decided to buy a new one instead of getting the old one fixed. She went to the jewelry store near her office and bought a watch that she liked for $38. She was very pleased with her new watch until she saw the same watch in another store for $25!

There is no law to stop one store from selling something for more than another store. Each store decides what to charge for the things it sells. Therefore, it is up to you to compare prices before buying. Here are some guidelines for smart shopping.

Smart Shopping Rules

Think ahead. Think about what you will buy before you go shopping. Look at your budget and decide what to buy and how much you can afford to pay for it. Make a shopping list and take it with you. Check off each item on the list as you buy it. Don't forget to think about upkeep. For example, if you have a choice between a shirt that needs to be dry-cleaned and a shirt that costs a little more but can be washed, it is a good idea to buy the washable shirt. In the long run it will cost you less, because dry cleaning is expensive.

Buy only what you need and will use. Don't get carried away when you go shopping. Just because something is on sale or looks pretty at the moment doesn't mean that you should buy it. Buy only what you really need and will use. Don't waste your money or you may not have enough to buy the things you really need.

Compare prices. Shop around. Remember Sarah's watch! Before you make a purchase, find out what other stores charge for the same item. Every store has both high- and low-priced items. Just because a store has the lowest price on watches does not mean it will also have the best price on rings.

Compare quality. Don't be fooled by cheap imitations. If one store is selling an item for much less than another store, look closely before you buy. Are the items really the same, or is one better than the other in some ways? Sometimes an item costs more because it is of higher quality and will last longer. It is better to buy an expensive pair of shoes that will last than to buy a cheap pair that will fall apart after they've been worn a few times.

Compare quantity. Don't be fooled by big boxes. Sometimes goods are boxed so that they look as if they have more in them than they really do. This is common in grocery stores. For example, just because one box of cookies is larger than another doesn't mean that it has more cookies in it. You can tell which one weighs more—that is, which one is the better buy—by reading the weight shown on the outside of the box.

Wait for sales. If you plan your spending carefully, you can sometimes wait for an item that you need or want to go on sale. Make sure that the item is really marked down in price. Some stores put up signs that say "sale," but the prices are just as high as usual. Also, remember not to buy an item *just* because it is on sale. Buy it only if you really need it.

Look for guarantees. A guarantee is a statement on paper promising that the maker of an item or the store that sells it will give you your money back, or will replace the item, if it doesn't work. Try to buy guaranteed items whenever you can. Remember, though, that a guarantee is only good if you have it in writing.

Beware of credit buying. With credit you can get what you want now and pay for it later, usually paying only a little at a time. But you should avoid buying on credit for two reasons. First, high interest (borrowing) charges are almost always added to the costs. Second, it's easier to overspend when you use credit. If you buy too much and can't pay the money you owe when the bills come in, you'll lose your good credit rating. You'll learn more about credit in the next section.

Activity:

Shopping Habits

1

Here are the smart shopping rules you should follow:

- Think ahead.
- Buy only what you need and will use.
- Compare prices.
- Compare quality.
- Compare quantity.
- Wait for sales.
- Look for guarantees.
- Beware of credit buying.

After each example, write in the smart shopping rule that the shopper has *not* followed.

a. Juan went to the grocery store to buy breakfast cereal. The two cereals that he liked most were the same price, so he bought the one in the largest box. He did not look to see how much each one weighed.

b. While Doug was doing his Christmas shopping he decided to stock up on Christmas cards for next year. A few weeks later, on the day after Christmas, all of the Christmas cards in town were on sale for half price.

_____

c. Kathy went to the department store to buy a dress to wear to work. On her way to the dress department she saw a beautiful evening gown. She knew she didn't have anywhere to wear it and she didn't need it, but it was so beautiful she bought it anyway.

_____

d. Carla was looking at small stereo sets in Super Sound Shop. She planned to save her money until she had enough to buy her own set, but the salesclerk talked her into buying one now on credit. Carla is unhappy now because she's paying a lot of extra credit charges.

e. Lou was proud of his new boat and was eager to show it off to his friend Chuck. But when Chuck told him that he could have bought the same boat somewhere else for a lot less money, Lou wasn't so happy anymore.

f. While Jerry was shopping for a toaster, the salesclerk recommended Brand X. It cost a dollar more than Brand Y but it came with a written guarantee. Jerry didn't want to spend the extra dollar, so he bought the toaster without the guarantee. Two weeks later, his toaster broke.

g. Beth was about to buy a new blouse when her friend Kelly told her where she could buy a similar blouse for less money. Beth went right out and bought the cheaper blouse. When she got home, she found that it was not really the same blouse at all. It was poorly made and would not last very long.

2

Place a check (✓) in front of the situations that show good buying practices.

- ☐ a. James plans what he will buy before he goes shopping.
- ☐ b. Betty buys everything at one store.
- ☐ c. Gerry buys on credit whenever he can.
- ☐ d. Rosa tries to buy items that have a guarantee.
- ☐ e. Lester always buys the biggest box of detergent, but never looks to see how much the boxes weigh.

Name _____

Date _____

Self-Test

Objective 5

List five smart shopping rules.

1 _____

2 _____

3 _____

4 _____

5 _____

Buying on Credit

You do not always need cash to buy the things you want. Sometimes you can buy on credit. With credit you can get what you want now and pay for it later, usually a little at a time. That makes it very easy to buy things—sometimes too easy. When you buy on credit, it is often hard to keep track of everything you have charged (bought on credit). You buy a little something here and a little something there, and before you know it, you owe more money than you can pay back. The things you buy on credit end up costing you more because you don't pay just the price of the item you buy. You must also pay an interest charge. Look at what happened to Sidney.

Sidney James used to be a smart shopper. He never borrowed money and he always paid his bills on time. The trouble started when Sidney got a few credit cards. Then when he saw something that he wanted to buy, he didn't need any money in his pocket. All he had to say was, "Charge it, please." Sidney never bought anything big, but he did buy a lot of odds and ends. Within a few months, Sidney was deep in debt. He didn't have enough money to pay his bills.

Sidney, like many other people, learned the hard way about the dangers of credit. Credit buying is very popular in our society. Although many shoppers use credit, a lot of them get into trouble because, like Sidney, they don't know how to use it wisely.

Let's look at some of the dangers of credit buying.

- **It costs more to buy on credit.** When you buy on credit, the store charges you interest on what you owe. Interest can cost as much as 18 percent a year. So when you buy an item on credit, you pay more for it than you would if you had saved your money and paid cash. For example, suppose you are going to buy a $250 TV. If you save and pay cash, the TV will cost you $250. If you buy it on credit and pay for it over a two-year period at an 18 percent interest rate, the TV will cost $300! You will be paying an extra $50 for buying on credit.

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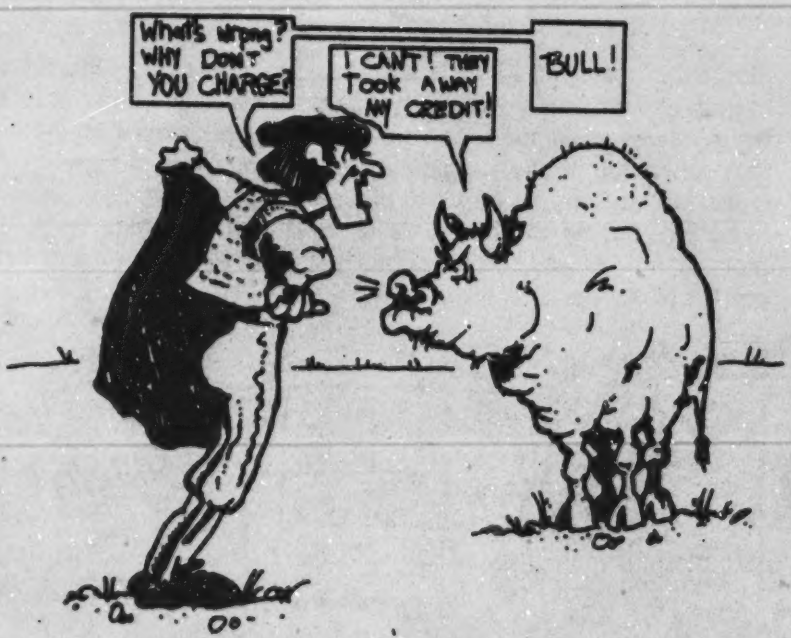
• **Credit discourages shopping around.** People who have credit at one or two stores usually do most of their shopping there even though they might be able to buy things more cheaply in other stores. Credit makes buying so easy that many people don't bother to look around for better buys.

• **Credit makes it easy to spend too much.** Remember Sidney and his bills! Instead of counting their money to see if they have enough to make a purchase, many people just say, "Charge it, please." They don't realize how much they have charged until they get the bill at the end of the month.



• **You will get into trouble if you don't pay your bills on time.** If you can't make your credit payments when you are supposed to, you may have problems, such as paying late charges, losing the item you've bought, losing the money you've already paid, or losing your good credit rating (your reputation for paying your bills on time). Once you have lost your good credit rating, you will find it very hard to get credit again.

If buying on credit is so bad, then why does everyone do it? Well, credit can be helpful at times, especially in emergencies. With credit you don't have to carry around a lot of cash. You can pay for large purchases a little at a time and build up a good credit rating. Just remember to use credit carefully, because there are real dangers in using it.

The Dangers of Credit Buying

1. It costs more to buy on credit.
2. Credit discourages shopping around.
3. Credit makes it easy to spend too much.
4. You will get into trouble if you don't pay your bills on time.

Activity:

The Dangers of Credit

The following items describe shoppers who forgot one of the four dangers of credit. In the blank after each item, write in the danger that was overlooked.

1 Reginald has a charge account at Duffy's Department Store. Now he does all of his shopping at Duffy's.

_____

2 Ron enjoys his new credit card. He doesn't have to carry cash, yet he can always buy things. Ron is shocked when his credit bills arrive at the end of the month and he finds he has spent over $100.

_____

3 Peggy used her credit account to shop the summer sales and charged so much that she couldn't keep up with the monthly payments. The store wrote her several letters about being late with her payments. She finally managed to pay off what she owed, but by then her good credit rating had been spoiled.

_____

4 Phyllis wanted to buy a bike for $130. Instead of saving her money until she had enough, Phyllis bought it on credit. She ended up paying more than $140 for the bike.

_____

Paying Your Bills on Time

When you rent a house or use electricity, you receive a monthly bill. When you buy something on credit, you also promise to make monthly payments. Suppose that you do not make your credit payments. What happens then?

What happens will depend on what your contract says. A contract is a written agreement between you and the company you have credit with. The contract can require you to pay the rest of what you owe immediately. Or you may have to give back the item as well as some of the money that you have paid on it. You could be charged a late fee, or even be taken to court. Be sure to read your credit contract carefully—and understand it—*before* you sign it.

You may lose more than the item and the money you have paid on it. You may also lose your good credit rating. Without good credit it will be hard to get credit in the future. This is because when you apply for credit at one store, they check up on you by calling other stores to see if your credit is good. The store wants to know if you are a good risk—that is, if you pay your bills on time. People who are bad credit risks can't get credit. Look at what happened to Robin.

Robin bought a stereo on credit. Before long, she got behind in her payments and could not pay her bills on time. At first the store told Robin that she would have to pay a late fee of $15, but she couldn't pay that either. Then the store took back the stereo and gave her a bad credit rating. Later, when she went to another store, she was not allowed to buy on credit because of her bad credit rating.

Remember: If you do not make your credit payments you may—

- lose the item that you purchased
- lose some or all of the money you paid in
- get a bad credit rating
- have to pay a late charge
- be taken to court.

Activity:

Failure to Pay

Alex has missed two car payments. What may happen to him? Put a check (✓) in front of the things that are likely to happen.

- ☐ 1. The bank may take his car back.
- ☐ 2. Alex may have to pay a late charge.
- ☐ 3. The bank may give Alex a good credit rating to get rid of him.
- ☐ 4. The bank will feel sorry for Alex and give him another chance.
- ☐ 5. The bank may keep some of the money that Alex has already paid.

Name _____

Date _____

Self-Test

Objective 6

List four dangers of buying on credit.

1 _____

2 _____

3 _____

4 _____

Objective 7

List three things that could happen if you do not make your credit payments on time.

1 _____

2 _____

3 _____

Keeping a Budget

One way to avoid using credit is to plan your spending carefully. When you receive your paycheck you may find that as much as one-fourth of your salary has been withheld in deductions. How will you spend what's left? Will you save some of it? How much? Your budget answers these questions.

A budget is a plan for spending money. Keeping a record of your expenses helps you get the most out of your paycheck. Your budget will help you decide whether you can afford to buy something. This story about Jerry's money problems shows the need for a budget.

Jerry works on the docks and earns $300 every two weeks. His deductions total $53, so he takes home $247. But he never seems to have any money. Jerry pays his bills when they come in, and when he has money he buys what he likes. His money never lasts long, though. The day before payday, Jerry usually has to borrow money to buy gas or groceries. If his car breaks down he doesn't have enough money to have it repaired. Jerry needs to plan his spending wisely so he doesn't run out of money.

If Jerry had a budget and stayed with it, he would have enough money to cover his regular bills and the unexpected ones.

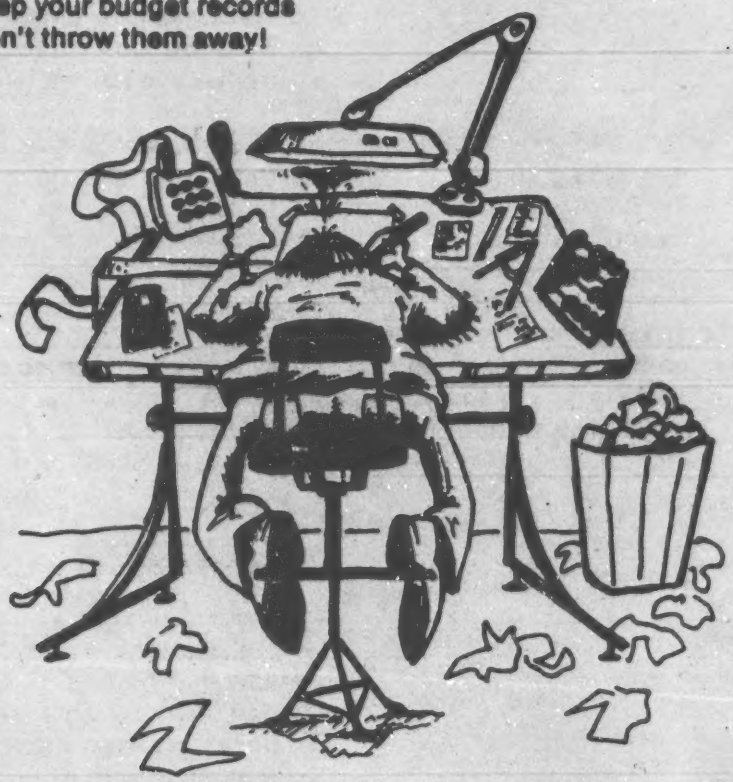
A budget will do five things for you.

- **A budget will tell you where your money is going.** Have you ever run out of money and wondered what happened to all of it? Your budget will show you exactly where and how you spend your money. You may want to change your spending habits when you see the kinds of things you spend your money on.

- **A budget will help you plan how to live on your pay.** A budget shows you what your regular bills are (such as food, rent, and car payments) and lets you know how much money you have left over after you pay them. In this way, a budget tells you what you can afford to buy. It will also tell you when you can afford a large purchase and when you must wait.

- **A budget will give you records to use in filling out your tax forms.** As you advance in your job, your finances will become more complicated. In time, they may be *so* complicated that

you will need written records in order to file your yearly income tax return. Also, the federal government may question whether your tax form is correct and may want to see written records of many of your expenses. This is called an *audit*. Since the government may audit your tax return years after you have filed it, it's a good idea to keep your budget records in a safe place for at least six years. Don't throw them away!



• **A budget will help you save money for unexpected expenses.** By deciding ahead of time how you will spend your money, you can plan to put some aside for emergencies and special opportunities. You must save to be prepared for an unexpected doctor bill or to take advantage of a special sale on clothes or records.

• **A budget will help you plan for large purchases without borrowing.** If you want to make a large purchase, such as a TV, or a down payment on a car, you will probably need more money than you earn each week. That means that either you must save your money or borrow some. If you borrow money, you must pay a borrowing cost, called *interest*. Paying interest means that the item you buy will cost you more. But if you use your own money, there is no interest. Your budget will help you save money toward the purchase of expensive items. A budget will also help you set aside money for long-range goals such as getting more education or buying a home.

(88)

Activity:

Your Budget

The people in these stories are having money problems. In what way would a budget help each person? Choose a reason from the list at the left and write it in the blank provided.

- To tell you where your money is going
- To help you plan how to live on your pay
- To give you records to use in filling out your tax forms
- To help you save money for unexpected expenses
- To help you plan for large purchases without borrowing

1 Roberto just sat down to complete his federal income tax form. After looking over his W-2 form and the statement of interest from his savings account, he finds that he still doesn't have enough information to complete his tax return.

_____

2 When Louise turned on her TV last night there was no sound, only a picture. She took her set to the shop and was told that it would cost $25 to fix it. Louise doesn't have any money saved, so she'll have to wait until next payday to get her TV back.

_____

3 Richard bought a hamburger, milk shake, and french fries at the cafeteria. When he opened his wallet to pay the bill, he saw that he had $7. But he had $26 the week before. Where had the money gone? What had he bought? Richard was very upset. He knew that he had spent the money, but he couldn't remember where or how.

_____

4 Linda drives a taxi cab. Instead of getting a paycheck every two weeks, she gets some money every day. She always has a little money in her purse, but never enough to make a large purchase. She does not have enough for a watch, so she must borrow money to buy one. That means that Linda has to pay some interest along with the money she borrows.

_____

5 After graduating from high school, Jason took a job as a motorcycle mechanic. He moved into an apartment and began to live on his own. He bought an old car, a TV, and a stereo. But when his electric bill came, he didn't have the money to pay it. When his refrigerator was empty, he couldn't afford to buy groceries.

_____

Name _____

Date _____

Self-Test

Objective 5

List three reasons for keeping a budget.

1 _____

2 _____

3 _____

Finding Out about Insurance

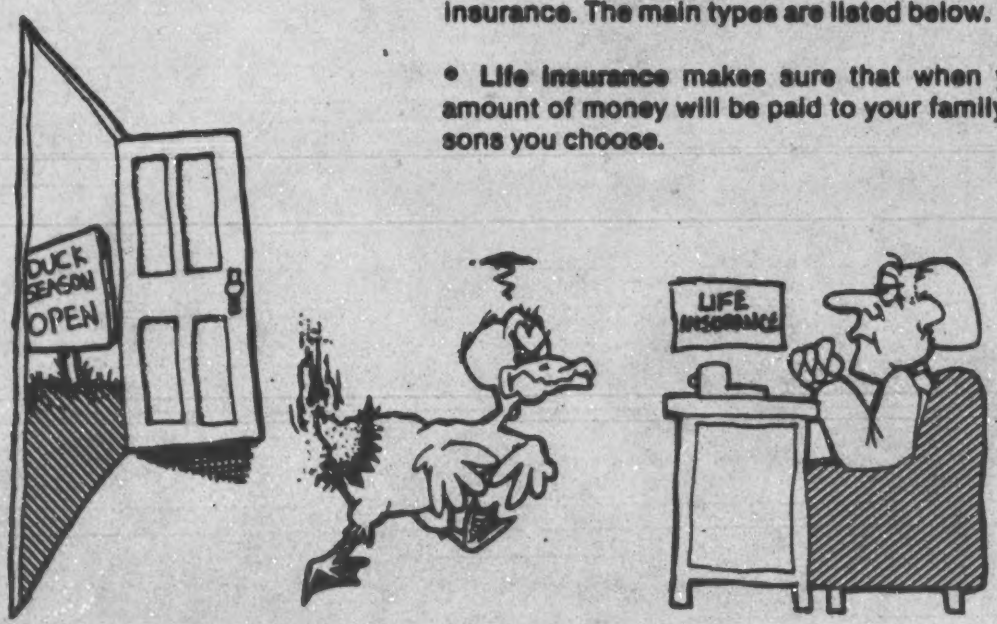
In the last section you worked with personal budgets in which money was set aside for some kinds of insurance. When you insure something, you pay an insurance company a certain amount of money every month or year. The company then promises to pay you some money if the person that you insured dies or is hurt or if the property is lost or stolen. For example, your health insurance pays for your hospital bills if you are sick or injured in an accident.

Having enough insurance is important. Bob found this out the hard way.

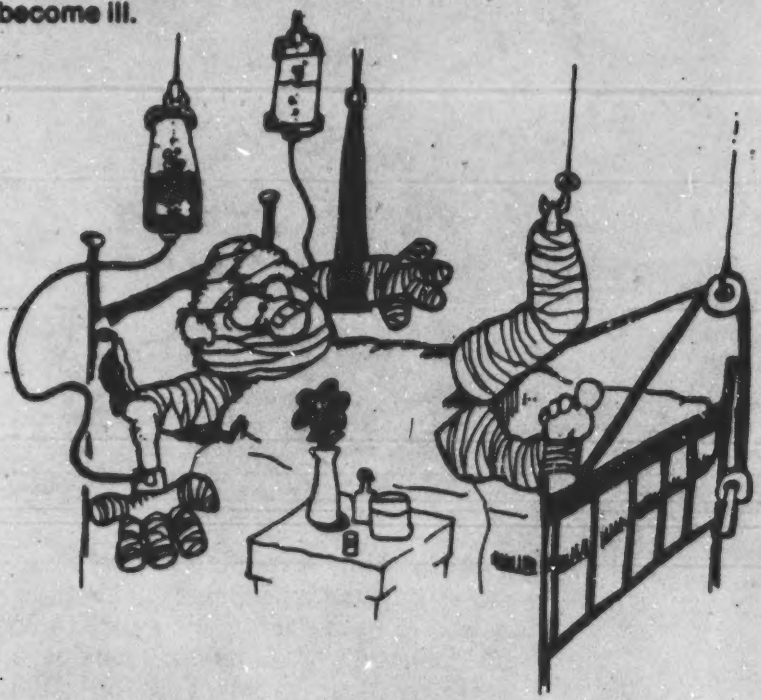
Janet and Bob both had sports cars. Janet insured her car against theft (stealing) by paying $4 a month to her insurance company. Bob also had car insurance, but not against theft. Then one night both cars were stolen. Janet's insurance company sent her money to buy another car. Since Bob didn't have theft insurance, he didn't get money to replace his car. The next time Bob buys a car he'll buy theft insurance, too!

Insurance helps pay for such losses. There are many types of insurance. The main types are listed below.

- **Life insurance** makes sure that when you die a certain amount of money will be paid to your family or any other persons you choose.

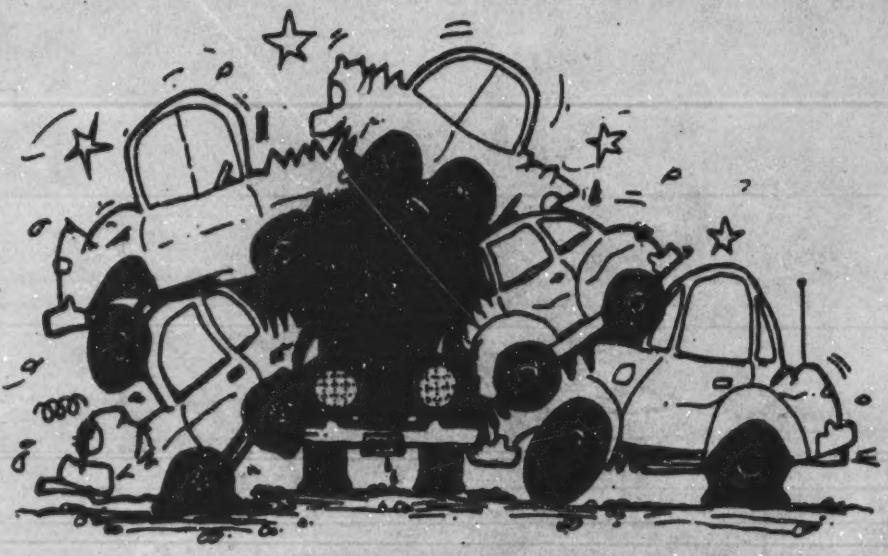


• **Health insurance** helps pay your doctor or hospital bills if you are injured or become ill.



• **Homeowner's insurance** protects your home and the people and things in it. If your home burns down or your furniture is damaged by smoke, the insurance company will pay you for your loss. If someone steals your TV or gets hurt in your home, the bills will be covered by your homeowner's insurance policy. If you rent your home or apartment, you can get a similar policy for renters.

30



• **Automobile insurance will help pay the bills if your car is stolen or is damaged in an accident. In Florida, drivers are required to have *liability* insurance, a special type of automobile insurance. Liability insurance pays for the damage to the other car if an accident is your fault. It will also pay the medical bills for the people in the other car. Liability insurance is required by law to protect the other person. Many drivers protect themselves as well by taking out other types of insurance too. If you want insurance on your own car, you may buy *collision* insurance. Then if the collision (accident) is your fault, your company will pay for the damage to your car. Collision pays *you*, liability pays *others*, for the damage that you did. *Comprehensive* insurance covers your car if it is stolen, burned, or broken into. In summary:**

> ***Liability*** **pays *other* people if the accident is your fault.**
> ***Collision*** **pays *you* if the accident is your fault.**
> ***Comprehensive*** **pays *you* if your car is stolen, broken into, or burned.**

Activity:

Types of Insurance

Fill in the blanks with the correct type of insurance needed by each person.

1. Jack bought _____ insurance so that his family would have money when he died.

2. Alice lives in Florida and so the law requires her to buy _____ insurance for her car.

3. Celeda's hospital bill would have used up most of her savings if she hadn't had _____ insurance.

4. The first thing that Jill and Peter did when they bought their house was to buy some _____ insurance.

5. Roger bought _____ insurance in case his car was stolen.

Name _____

Date _____

Self-Test

Objective 10

Match each type of insurance with its description by placing the letter of the correct insurance in the blank next to the description.

a. life insurance
b. health insurance
c. homeowner's insurance
d. automobile liability insurance
e. automobile collision insurance

___ 1. This will pay your doctor and hospital bills.
___ 2. This will pay for new furniture if your house burns down.
___ 3. This will pay the medical bills if you hurt someone with your car.
___ 4. This will pay your family money when you die.
___ 5. This will pay for your car repairs if you run into a telephone pole.

Borrowing Money

Even people who plan their budgets and savings to handle emergencies sometimes need more money than they have. When this happens, they need to know how and where to borrow money. The most important rule to remember about borrowing money is:

Don't borrow money unless you have to!

The reason for this is simple. When you borrow money, you have to pay back more than you borrow because you must also pay interest (a borrowing charge). It probably won't be any easier to pay that money next month than it is this month; so why borrow when you can save your money and buy what you want next month—without borrowing and paying interest?

Of course, sometimes you must borrow. For example, buying a car usually means taking out a loan. For large expenses like that, you have no choice. Just be sure you know the best place to borrow the money.

There are several places where you may borrow money. The most common places are banks, credit unions, and loan companies. You may also borrow money on your life insurance policy, take your things to a pawn shop and get money for them, or borrow money by mail. But not all of these places will treat you the same. Some are good, safe places to borrow from because they charge low interest rates. Others take advantage of you by charging high interest rates.

(115)

These places are good sources of low interest loans:

- *Banks* are good places to borrow money. They lend large and small amounts of money and have low interest rates. To borrow here you must have a good reputation for paying your bills, that is, a good credit rating. You should always pay your bills on time so that you build a good credit rating.

- A *credit union* is a special bank that some companies have for their employees. Credit unions are good places to borrow money. It is easy to get a loan there, and the interest rate is low. Not all companies have credit unions, however, and so you may have to borrow from a bank instead.

- Borrowing on *life insurance policies* is another way of getting a low interest loan, but not everyone has the right kind of insurance to do it. Ask your insurance agent if you can borrow money on your policy.

These places charge high interest rates:

- *Loan companies* are not good places to borrow money because the interest rate is high. Some people go to loan or finance companies because they don't have a good enough credit rating to borrow from a bank.

- *Mail order loans* are a lot like finance company loans because they charge high interest rates. The only difference is that you do all of your business by mail instead of in person.

- *Pawnshops* are one of the worst places to borrow money. You can get a small loan by letting the shop hold some of your property, such as a camera or jewelry. The pawnshop owner (pawnbroker) will give you much less money than your property is worth, and the interest rate is high. If you do not pay back the loan on time, you will not get your property back. You could lose an item that is worth much more than the amount you borrowed.

This source charges no interest:

- *Borrowing from friends* is perhaps the most common kind of loan. If you forget your lunch money one day, it's all right to borrow the money from a friend. But it is not a good idea to borrow a lot of money from a friend, or even to borrow small amounts again and again. Your friendship won't last long.

Low Interest Sources

- banks
- credit unions
- borrowing on life insurance policies

High Interest Sources

- loan companies
- mail order loans
- pawn shops

Remember: Don't borrow money unless you have to! But if you *must* borrow money, get a loan from a place that charges *low interest.*

Activity:

Loans

Listed below are several places you can borrow money. Show the amount of interest—high or low—that each source charges by putting a check (✓) in the correct box.

	High Interest	Low Interest
mail order loans	☐	☐
banks	☐	☐
pawnshops	☐	☐
credit unions	☐	☐
borrowing on life insurance policies	☐	☐
loan companies	☐	☐

Name _____

Date _____

Self-Test

Objective 11

The following list contains places that charge high interest rates on loans and places that charge low interest rates. Decide which of the following loan sources have high interest rates and write them under the heading *high*. Write down the low interest sources under *low*.

pawnshops

banks

credit unions

loan companies

borrowing on life insurance policies

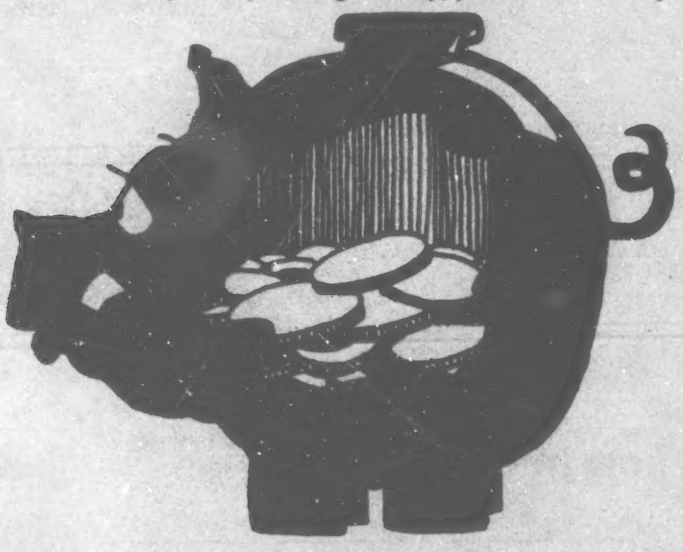
mail order loans

Low Interest Rate	High Interest Rate
_____	_____
_____	_____
_____	_____
_____	_____

Banking

Opening a Savings Account

You now know where to borrow money when you need it. Keep in mind that when you borrow money you have to pay interest. But if you save your money, you will have money to buy the things you want without having to borrow money and pay interest. Also, the money you put in a savings account earns interest for you. By saving money, you make money.



It's easy to open a savings account, and you can start one with as little as $5. Go to your bank, savings and loan association, or company credit union. Someone there will help you fill out the forms and show you how to deposit and withdraw your money. When you put money into your account, it is called a *deposit;* if you take money out, it is called a *withdrawal.*

There are several good reasons for opening a savings account:

- **Your savings account makes interest money for you.** The bank pays interest on the money that you save. For example, if you save $100, your money will earn another five or six dollars over the course of a year. Some types of savings accounts and some places pay a little more interest than others, so it's a good idea to shop around.

- **Your savings account can help you save for the future.** When you save money, you can make large purchases and meet unexpected expenses without borrowing. You can budget part of each paycheck to save for these goals or for an

emergency. You will also have cash on hand if a good bargain comes along.

- **Your money is safe in a savings account.** If you keep your savings at home, the money could be stolen or destroyed in a fire. Banks and savings and loan associations have special government insurance to protect your money. So if your bank is robbed or burns down, you won't lose your money.

- **A savings account shows others that you are careful with your money.** Banks do not want to lend money to people who are careless with their money. By keeping a savings account, you show others that you can be trusted with money. Stores and credit card companies are more likely to give you credit if you have a savings account.

Saving money is a good habit. At first it may be hard to save money that you would rather spend. Before long, however, you will learn to live without that extra money. Also, you'll have the pleasure of watching your money grow and earn interest.

Activity:

Savings Account

Fill in the blanks.

1. Your money is _____ in the bank than at home since the bank has special government insurance.
2. Having a savings account shows other people that you are _____ with your money.
3. Savings will help you save for the _____.
4. Your savings earn money because the bank pays _____.

Name _____

Date _____

Self-Test 4

Objective 12

List three benefits of keeping a savings account.

1 _____

_____

2 _____

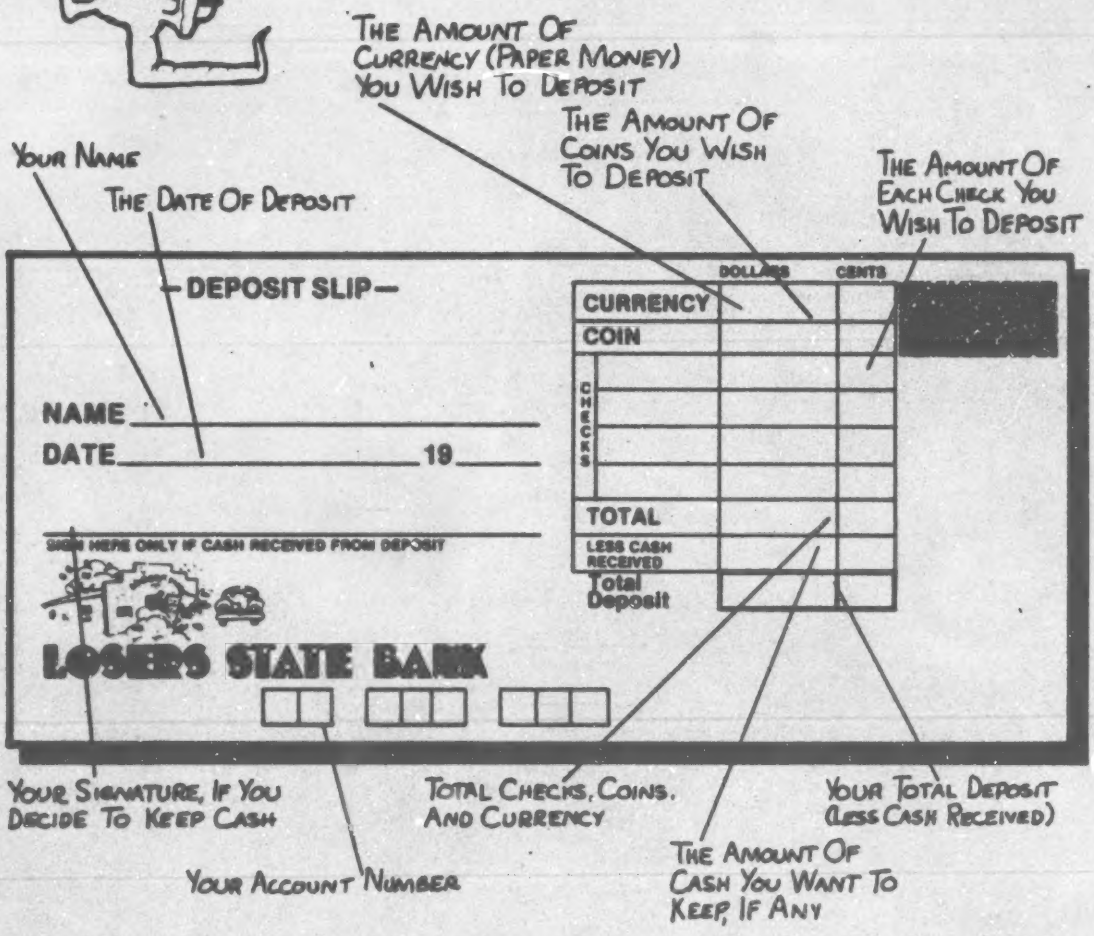
_____

3 _____

_____

When you want to put in or take out money from your account, simply bring your passbook to the bank. Fill out either a deposit slip or a withdrawal slip and take it with your passbook to the teller's window. The teller takes your check or cash if you are making a deposit. If you are making a withdrawal, the teller gives you your money. The teller makes a record of the *transaction* (your deposit or withdrawal) in your passbook and returns it to you. Check to be sure that it shows the correct amount of your deposit or withdrawal and your new balance.

Each time you add money to your account, you fill out a deposit slip. All deposit slips do not look exactly alike, but all are filled out in about the same way. Let's look at one kind of deposit slip to see the information it contains.


THE AMOUNT OF CURRENCY (PAPER MONEY) YOU WISH TO DEPOSIT
THE AMOUNT OF COINS YOU WISH TO DEPOSIT
THE AMOUNT OF EACH CHECK YOU WISH TO DEPOSIT
YOUR NAME
THE DATE OF DEPOSIT
— DEPOSIT SLIP —
NAME
DATE 19
SIGN HERE ONLY IF CASH RECEIVED FROM DEPOSIT
LOSERS STATE BANK
DOLLARS
CENTS
CURRENCY
COIN
CHECKS
TOTAL
LESS CASH RECEIVED
Total Deposit
YOUR SIGNATURE, IF YOU DECIDE TO KEEP CASH
YOUR ACCOUNT NUMBER
TOTAL CHECKS, COINS, AND CURRENCY
THE AMOUNT OF CASH YOU WANT TO KEEP, IF ANY
YOUR TOTAL DEPOSIT (LESS CASH RECEIVED)

Sometimes you may not want to deposit all of the money that you have. Suppose that you have a $15 check and that you want to deposit only $10 because you need $5 for lunch. You would follow these steps.

- List your $15 check where it says *checks.*
- Write $15 where it says *total* since that is all the money you listed.
- Write $5 where it says *less cash received* since that is how much money you want to keep.
- Subtract the $5 you want to keep (*cash received*) from the $15 total. This will give you $10 for the *total deposit* to your account. Write $10 where it says *total deposit.*
- Sign (don't print) your name where it says *sign here only if cash received from deposit,* since you are keeping $5.

— DEPOSIT SLIP —

NAME Your Name

DATE Today's Date 19 77

Your Signature

SIGN HERE ONLY IF CASH RECEIVED FROM DEPOSIT

LOSERS STATE BANK

44 444 333

	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS	15	00
TOTAL	15	00
LESS CASH RECEIVED	5	00
Total Deposit	10	00

Deposits are not always that hard to make. Robert wants to deposit $5.50 in cash in his account. He has $5 in paper money (currency) and $.50 in coins. So he writes $5 where it says *currency*, $.50 where it says *coin*, and $5.50 where it says *total*. He doesn't have to sign the deposit slip because he doesn't receive any cash.

— DEPOSIT SLIP —

NAME ROBERT BANKS

DATE JULY 14 19 77

SIGN HERE ONLY IF CASH RECEIVED FROM DEPOSIT

LOSERS STATE BANK

35 333 444

	DOLLARS	CENTS
CURRENCY	5	00
COIN		50
CHECKS		
TOTAL	5	50
LESS CASH RECEIVED		
Total Deposit	5	50

78

Activity:

Deposit Slips

1 Roger Lump wants to deposit a $10 bill in his savings account. His account number is 32-222-312. Fill out Roger's deposit slip using today's date.

— DEPOSIT SLIP —

NAME _____

DATE _____ 19____

SIGN HERE ONLY IF CASH RECEIVED FROM DEPOSIT

LOSERS STATE BANK

	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS		
TOTAL		
LESS CASH RECEIVED		
Total Deposit		

2 Louise Christie has two $10 checks. She wants to deposit $15 in her savings account and take $5 home with her. Her account number is 32-666-662 and the date is May 22, 1977. Fill out Louise's deposit slip.

— DEPOSIT SLIP —

NAME _____

DATE _____ 19____

SIGN HERE ONLY IF CASH RECEIVED FROM DEPOSIT

LOSERS STATE BANK

	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS		
TOTAL		
LESS CASH RECEIVED		
Total Deposit		

Check your work.

1. Roger Lump's deposit slip:

— DEPOSIT SLIP —

NAME Roger Lump

DATE Today's date 19--

SIGN HERE ONLY IF CASH RECEIVED FROM DEPOSIT

LOSERS STATE BANK

3 2 | 4 4 2 | 3 1 2

	DOLLARS	CENTS
CURRENCY	10	00
COIN		
CHECKS		
TOTAL	10	00
LESS CASH RECEIVED		
Total Deposit	10	00

2. Louise Christie's deposit slip:

— DEPOSIT SLIP —

NAME Louise Christie

DATE May 22 19 77

Louise Christie

SIGN HERE ONLY IF CASH RECEIVED FROM DEPOSIT

LOSERS STATE BANK

3 2 | 6 6 6 | 6 6 8

	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS	10	00
	10	00
TOTAL	20	00
LESS CASH RECEIVED	5	00
Total Deposit	15	00

Name _____

Date _____

Performance Test

Do it! **Objective 13**

Fill out the deposit slip on the next page. All the information you need is on that page.

After you have filled out the deposit slip, use the performance checklist below to be sure your work is complete and correct. Then show your deposit slip to your instructor. S(he) will check your work using the checklist. All items must be checked for you to pass this objective.

PERFORMANCE CHECKLIST

- ☐ Your name on the correct line
- ☐ Today's date on the correct line
- ☐ Correct account number in the correct box
- ☐ Correct amount of currency (paper money)
- ☐ Correct amount of coins
- ☐ Correct check amounts, each listed separately
- ☐ Correct total of all money
- ☐ Correct amount for "less cash received"
- ☐ Correct total deposit
- ☐ Your signature on the correct line if cash is received

Opening a Checking Account

Another useful bank service is a checking account. Unlike savings accounts, checking accounts do not earn interest. In fact, instead of paying you to keep your money in the bank, the bank may charge you a small fee for this service. This is called a *service charge.* With a checking account, however, you have the advantage of being able to write checks for the things you buy instead of having to carry around a lot of cash. Also, the bank returns your used checks to you. You can use these returned (cancelled) checks as proof of payment (for filing your income tax, or in case someone accuses you of not paying your bills).

You cannot write checks for more money than you have in your account. The amount of money you have in your account is called your balance. The most recent balance is called the current balance. If you have a balance of $25, you can write two checks for $10 and one for $5. Before you can write another check, though, you must make another deposit.

When you open a checking account, the bank gives you a pack of checks and a form to keep records on. Sometimes this form is nothing more than a stub on the end of each check, but more often it is a separate record book (called a checkbook or a check register) like the one shown below.

current balance

DATE	CHECK NUMBER	CHECKS ISSUED TO OR DEPOSIT RECEIVED FROM	AMOUNT OF DEPOSIT	✓	AMOUNT OF CHECK	BALANCE
2 9	46	Bob's Hardware Store			2 00	88 00
2 11	47	John's Plumbing			10 00	78 00
2 16	-	Deposit - Allowance	3 00			81 00

SAMPLE

PAY TO THE ORDER OF _____ 19____

$_____

_____ DOLLARS

LOCAL STATE BANK

FOR _____

⑆0631-0068⑆ 0100 565851⑈

(139)

Each time you make a deposit or write a check, make a record of it in your checkbook. If you add each deposit and subtract each check, you will always know exactly how much money is in your account.

Look at Georgia's checkbook below. Each time she makes a deposit or writes a check, she records it in her checkbook.

BE SURE TO DEDUCT ANY PER CHECK CHARGES OR MAINTENANCE CHARGES THAT MAY APPLY

DATE		CHECK NUMBER	CHECKS ISSUED TO OR DEPOSIT RECEIVED FROM	AMOUNT OF DEPOSIT		✓	AMOUNT OF CHECK		BALANCE	
									160	00
2	18	36	Otto's Repairs				20	00	140	00
3	1	37	Dr. Johnson				30	00	110	00
3	8	-	Deposit - Paycheck	100	00				210	00
3	9	38	Checker's Pizza				4	00	206	00

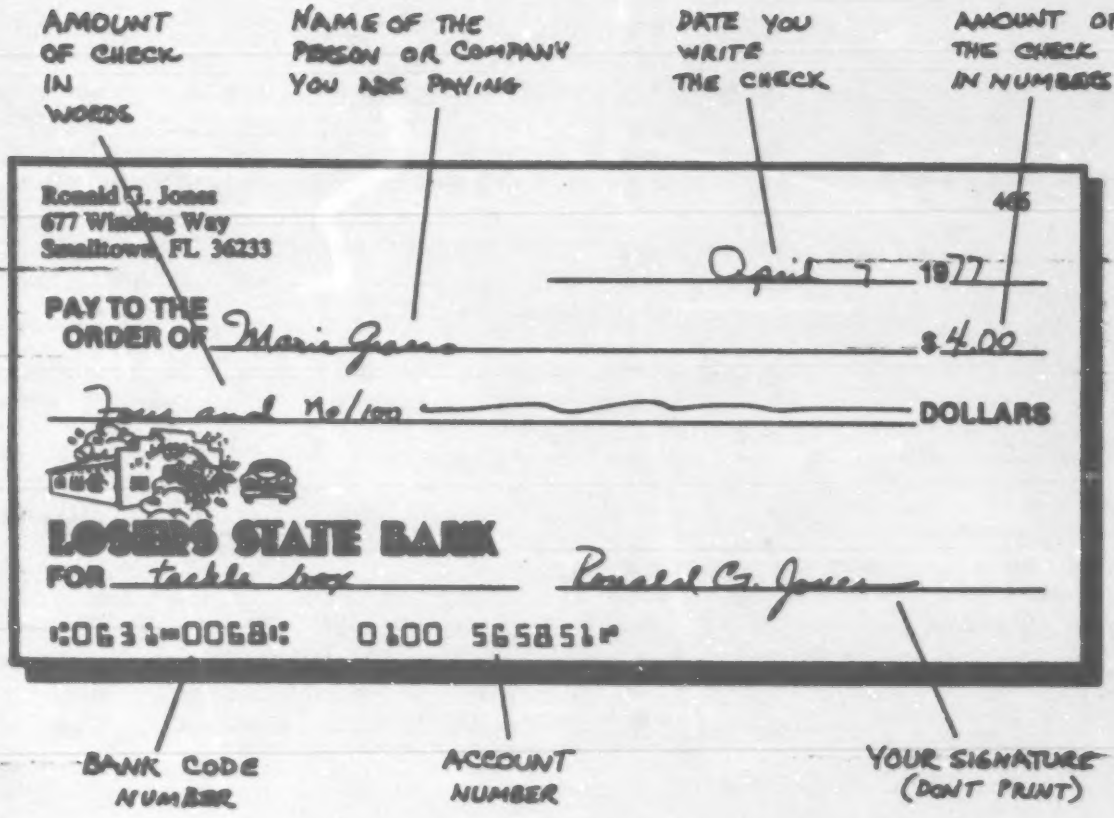
To record a check, Georgia writes the date the check is written, the number of the check (each check is printed with a number), to whom it is written, and the amount of the check. Then she subtracts the amount of the check from the old balance to get the current balance. For each deposit, Georgia writes in the date of the deposit, where the money came from, and the amount of the deposit. Deposit slips don't have numbers, and so she leaves that line blank. The amount of the deposit is added to the old balance to get a new balance.

Georgia is careful not to write checks unless there is enough money in her account to cover them. If she writes checks for more money than she has in her account, her account will be *overdrawn*. The bank will charge her a fine for writing *bad checks*, and the stores she gave the checks to may also charge her fines. If she gets a reputation for writing bad checks, stores won't accept her checks anymore. She may even be arrested. (If you find that you have overdrawn your account, call your bank immediately and ask what you should do.)

50

Making a deposit in your checking account is a lot like making a deposit in your savings account. You fill out a deposit slip and give it to the bank teller. The only difference is that with a checking account you do not hand in a passbook. You simply give the teller your deposit slip along with the money or checks you want to deposit. The teller will give you a receipt. Some banks have special deposit envelopes so you can "bank by mail." Ask the teller at your bank if they offer this customer service. It can save you the time and trouble of trips to the bank when you just want to deposit a check. Whether you make your deposit by mail or in person, don't forget to add the deposit in your checkbook.

Writing a check is easy. Notice the information you write on a check.



The following information is usually already printed on the check by the bank:

- your name and address
- the number of the check
- the bank's name
- the bank's code number
- your account number

Notice that the amount of the check is written in words beginning at the far left side of the line so no one can write anything else in front of it. It is followed by a line so that no one can write anything in back of it either. If you wrote: Four and No/100, someone could fill in the space: ninety-four and No/100.

(142)

You'll also notice that "For _____" appears near the bottom of the check. Any bank or store will accept your check if this line is blank, because it contains information for your records only. It's a good idea to get into the habit of filling in this line, though. That way, when the bank returns your cancelled checks to you, you'll have a complete record of *where* and *how* you spent your money. For example, was the check you wrote to Foodland for groceries, or for cash to spend at the movies? If you keep a budget, this information is especially helpful.

Julie bought a bicycle on August 24 and paid for it by check. Notice how she filled out the check and recorded it in her checkbook.

Julie's Check

Julie Willow
3901 Sequoia Avenue
Live Oak, FL 32060

333

August 24 19 77

PAY TO THE ORDER OF Barry's Bike Shop $113.96

One hundred thirteen and 96/100 DOLLARS

LOSERS STATE BANK

FOR bicycle Julie Willow

⑆0631-0068⑆ 0100 565851⑈

Julie's Checkbook

BE SURE TO DEDUCT ANY PER CHECK CHARGES OR MAINTENANCE CHARGES THAT MAY APPLY

DATE	CHECK NUMBER	CHECKS ISSUED TO OR DEPOSIT RECEIVED FROM	AMOUNT OF DEPOSIT	✓	AMOUNT OF CHECK	BALANCE
						200 00
8 24	333	Barry's Bike Shop			113 96	86 04

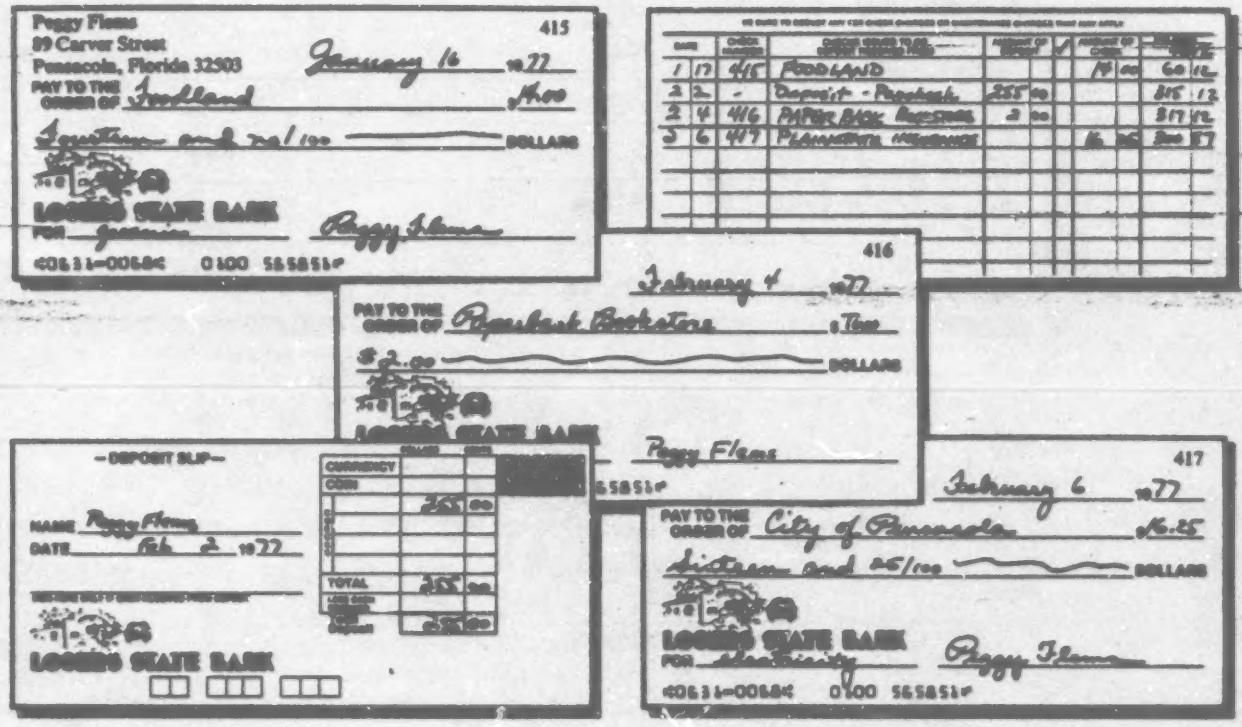
(143)

Activity:

Checks and Checkbooks

1

Look at Peggy's checks, deposit slip, and checkbook. She made eight mistakes. Can you find them?



a. _____

b. _____

c. _____

d. _____

e. _____

f. _____

g. _____

h. _____

2

Roland Stone bought a stereo set for $136.95 from the Super Sound Shop on July 2, 1977. Fill out this check for Roland:

Roland Stone
31 Barracks Drive
Sandyland, FL 36227

547

SAMPLE

_____ 19____

PAY TO THE ORDER OF _____ $____

_____ DOLLARS

LOSERS STATE BANK

FOR _____ _____

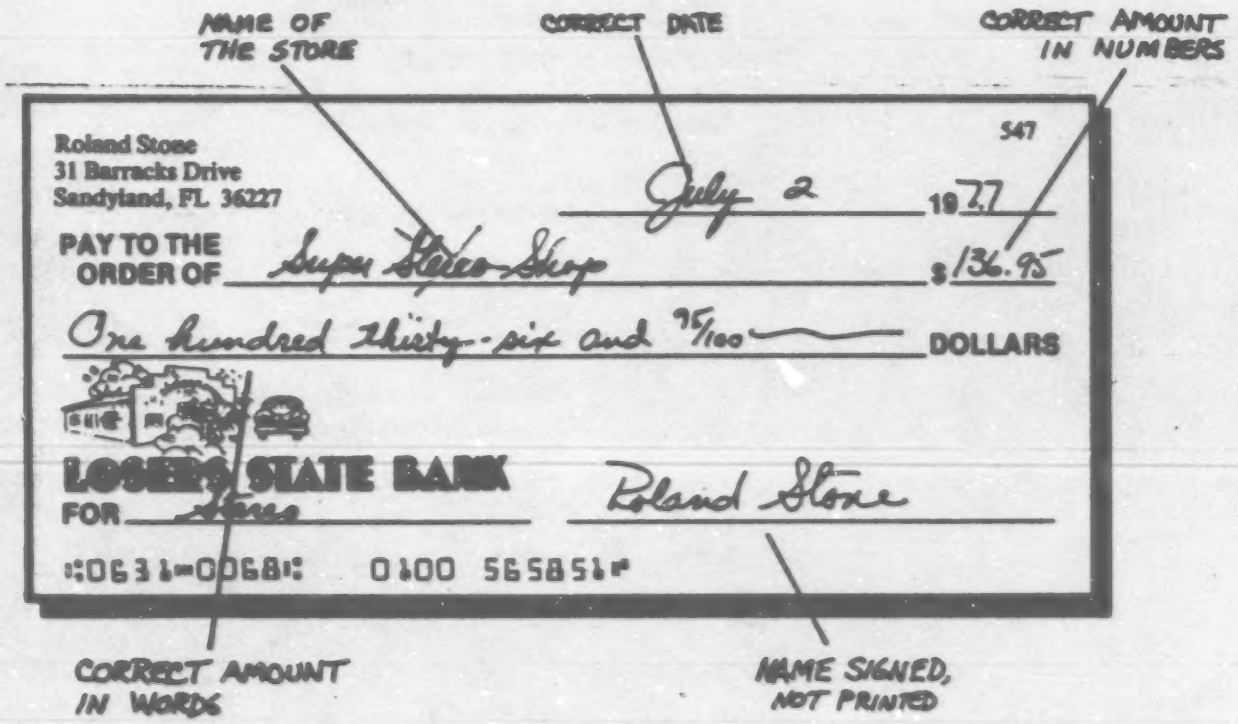
⑆0631-0068⑆ 0100 565851⑈

Check your answers with those below.

1. **Peggy's eight mistakes:**

   a. She recorded different dates on her check and in her checkbook for check 415.
   b. She printed her name, instead of signing it, on check 416.
   c. Peggy wrote "two" where she should have written "$2.00" on check 416.
   d. Peggy wrote "$2.00" where she should have written "two and no/100" on check 416.
   e. The check and the checkbook disagree on whom she made check 417 out to.
   f. Check 416 is entered in her checkbook as a deposit.
   g. Check 415 was added instead of subtracted from the current balance.
   h. Peggy did not write her account number on the deposit slip.

2. Roland's check looks like this:



Name _____

Date _____

Performance Test

Do it! **Objective 14**

Write a check for $14.62 to Sherman Oil Company for fuel oil. Use today's date and your own signature, and fill out one of the checks on the next page. Use the second check if you make a mistake.

Use the performance checklist below to see if you have written the check correctly; then show your work to your instructor. S(he) will check it, using the checklist. All items must be checked for you to pass this objective.

PERFORMANCE CHECKLIST

- ☐ Today's date on the correct line
- ☐ Check made out to the correct company on the correct line
- ☐ Correct amount of the check in numbers after $ _____
- ☐ Correct amount of the check in words before _____ Dollars
- ☐ Name signed, not printed

547

SAMPLE

_____ 19____

PAY TO THE
ORDER OF _____ $_____

_____ DOLLARS

LOSERS STATE BANK

FOR _____ _____

⑆0631-0068⑆ 0100 565851⑈

547

SAMPLE

_____ 19____

PAY TO THE
ORDER OF _____ $_____

_____ DOLLARS

LOSERS STATE BANK

FOR _____ _____

⑆0631-0068⑆ 0100 565851⑈

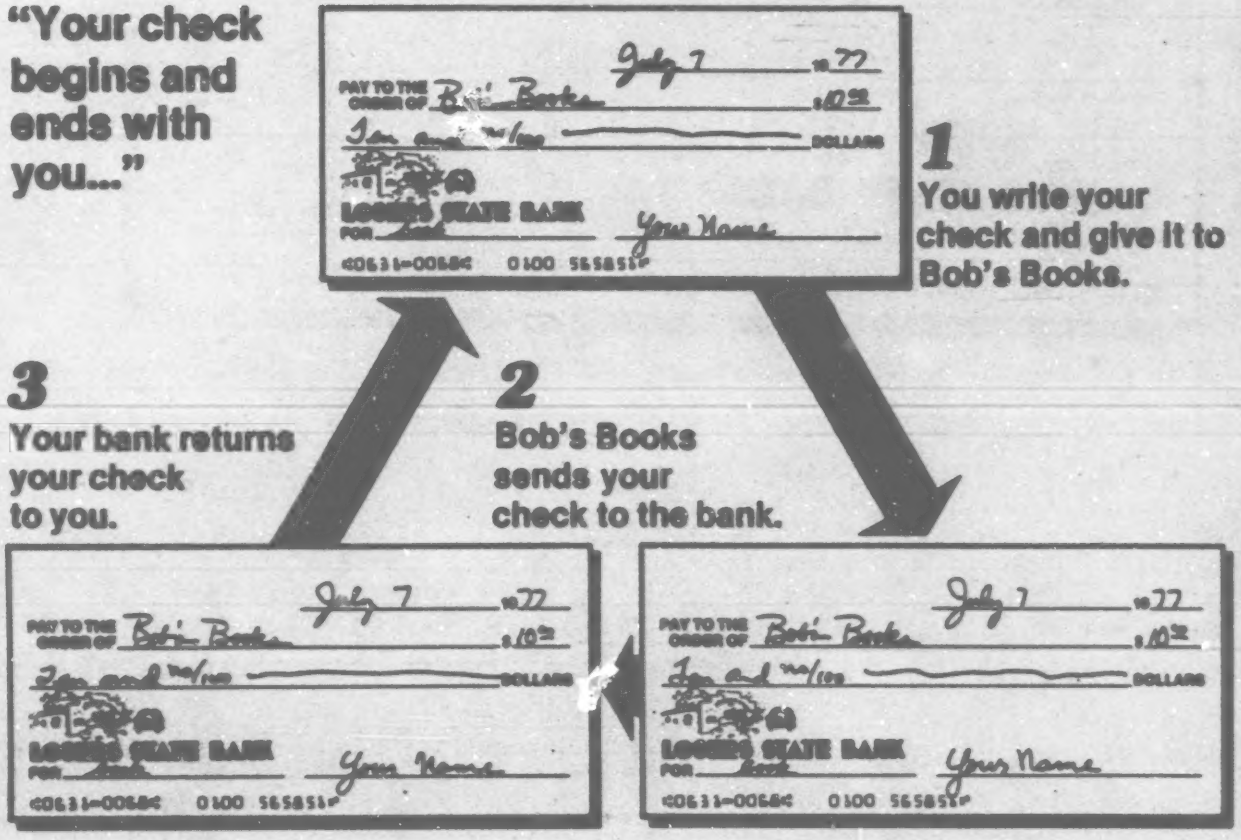
Balancing Your Checkbook

What happens to your checks after you write them? Although checks are like money in some ways, there are some important differences. If you give someone a $10 bill, s(he) can take that same $10 bill to a store and spend it. If you give someone a check for $10, however, s(he) cannot spend it as easily. First s(he) must change it for cash.

Let's look at another example. Suppose that you have $50 in your checking account (your current balance is $50). You buy a $10 novel at Bob's Books and pay for it by check. You write the information in your checkbook and subtract the $10 from your old balance of $50. You now have a current balance of $40.

The people at Bob's Books send your check to your bank for payment. Your bank subtracts the $10 from your account and pays it to Bob's Books. They record your new balance—$40—on their records. (A bank statement is the bank's record of your checking account.) Then they put your used check with the others you've written. These will be sent to you at the end of the month. Your check has moved like this:

"Your check begins and ends with you..."


July 7 19 77
PAY TO THE ORDER OF Bob's Books $10.00
Ten and no/100 DOLLARS
LOCUST STATE BANK
FOR Book
Your Name
⑆0631-0068⑆ 0100 565851⑈
1
You write your check and give it to Bob's Books.
2
Bob's Books sends your check to the bank.
3
Your bank returns your check to you.

(149)

You keep a record of your checking account, and so does the bank. You mark your checkbook whenever you write a check or make a deposit. Your bank marks its bank statement whenever it receives a deposit or a check you've written. At the end of each month your bank will mail you all of your checks it received during the month, as well as a bank statement. Then you must make sure that your records (the checkbook) agree with the bank's records (the bank statement). This is called *balancing* your checkbook. If you have a checking account, you must balance your checkbook with the bank statement once a month.

Balancing a checkbook sounds easy. You just compare the current balance in your checkbook with the new balance on the bank statement, right? Wrong! Unfortunately, it is not quite that easy.

Remember that you keep your records one way and the bank keeps them another way. You write deposits and checks in your checkbook immediately; so your records are always right up to date. But the bank's records are often behind. They don't record checks and deposits until they arrive at the bank. In the case of checks you mail out of town, this could be as much as three weeks later. Your statement would then be three weeks behind your checkbook. The checks and deposits that aren't shown on your bank statement, but that you've recorded in your checkbook, are *outstanding*.

Outstanding checks and deposits aren't the only reason your checkbook won't always balance with the bank statement. Many banks charge you a fee, or *service charge*, for keeping a checking account with them. These rates vary a great deal. You may pay a flat rate of $2 a month, or pay 10¢ a check, or pay a service charge only when your current balance drops below $100 or $200. But unless you pay a flat rate, you probably will not know the exact amount of your service charge until you receive your bank statement.

In order to balance your checkbook, then, you must compare the current balance in your checkbook with the *adjusted* bank balance to see if they are the same. The adjusted bank balance will include your service charge and all outstanding checks and deposits.

To balance your checkbook you must compare:

what your checkbook balance would be *if* you knew the exact amount of your service charge

WITH

what your bank statement would say *if* the bank knew about all of your outstanding checks and deposits.

To arrive at the adjusted bank balance, you must do a little adding and subtracting. The form on the back of your monthly bank statement will show you exactly what to do, step by step.

Each month your bank will send you a bank statement and all of the cancelled checks and deposit slips it received during that month. Look at Cathy's statement and cancelled checks and deposit slips on the next page. She compared the bank statement with her checkbook. Notice what each part of the statement means. Be sure that you can identify:

- **the new balance (on the statement)**
- **the current balance (in the checkbook)**
- **the outstanding checks (in the checkbook)**
- **the outstanding deposits (in the checkbook)**
- **the service charge (on the statement).**

Cathy's Bank Forms

Notice that Cathy has placed a mark (✓) in her checkbook beside each check and deposit that is shown on the statement. This is a very important step in balancing your checkbook. You'll be shown why later.

Cathy's Checkbook

BE SURE TO DEDUCT ANY PER CHECK CHARGES OR MAINTENANCE CHARGES THAT MAY APPLY

DATE	CHECK NUMBER	CHECKS ISSUED TO OR DEPOSIT RECEIVED FROM	AMOUNT OF DEPOSIT	✓	AMOUNT OF CHECK	BALANCE
						200 00
5 15	38	City of Sandber		✓	10 00	190 00
5 16	39	Sub-Shop			3 00	187 00
5 16	40	Sarah's Dress Shop		✓	20 00	167 00
5 19	41	Northside Service Station		✓	10 00	157 00
5 21	-	Deposit - Savings	40 00	✓		197 00
5 28	-	Deposit - Refund	5 00			202 00
6 12	42	School Bookstore		✓	50 00	152 00

CURRENT BALANCE

OUTSTANDING CHECK - NO MARK (✓)

OUTSTANDING DEPOSIT - NO MARK (✓)

Cancelled Checks

Cathy Call
221 South Street
Sandber, FL 36811

38
May 15 19 77
PAY TO THE ORDER OF City of Sandber $ 10 00
Ten and no/100 DOLLARS
LOCUST STATE BANK
FOR Sticker
Cathy Call
⑆063100684⑆ 010 555851⑈

Cathy Call
221 South Street
Sandber, FL 36811

40
May 16 19 77
PAY TO THE ORDER OF Sarah's Dress Shop $ 20 00
Twenty and no/100 DOLLARS
LOCUST STATE BANK
FOR
Cathy Call
⑆063100684⑆ 010 555851⑈

Cathy Call
221 South Street
Sandber, FL 36811

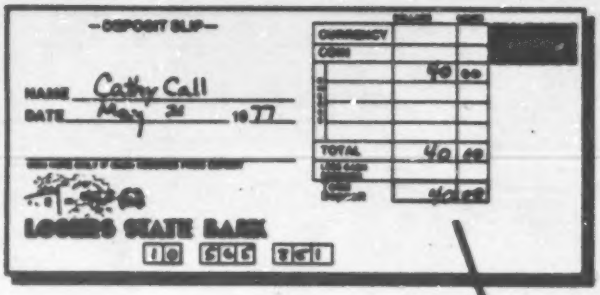
41
May 19 19 77
PAY TO THE ORDER OF Northside Service Station $ 10 00
Ten and no/100 DOLLARS
LOCUST STATE BANK
FOR Oil change
Cathy Call
⑆063100684⑆ 010 555851⑈

Cathy Call
221 South Street
Sandber, FL 36811

42
June 12 19 77
PAY TO THE ORDER OF School Bookstore $ 50 00
Fifty and no/100 DOLLARS
LOCUST STATE BANK
FOR Books
Cathy Call
⑆063100684⑆ 010 555851⑈

(152)

Deposit Slip



THE ONE-MONTH PERIOD COVERED BY THIS BANK STATEMENT

DATE THE CHECK OR DEPOSIT WAS RECEIVED AT THE BANK

Cathy's Bank Statement

CATHY C. CALL
221 SOUTH STREET
SANDBAR, FL 36811

LOSERS STATE BANK — STATEMENT OF CHECKING ACCOUNT

ACCOUNT NUMBER 585851	FOR THE PERIOD 5-17 TO 6-16-77	PREVIOUS BALANCE 200.00

CHECKS AND CHARGES		DEPOSITS/CREDITS	DATE	BALANCE
10.00			5-17	190.00
20.00			5-18	170.00
10.00			5-21	160.00
		40.00	5-21	200.00
50.00			6-13	150.00
SC. 2.00			6-16	148.00
				NEW BALANCE-148.00

SERVICE CHARGE

(153)

Activity:

Checking Account Forms

Jackie received the following from her bank:

Jackie's Bank Statement

JACKIE GUY
P. O. BOX 221
CLAYTON, FL 32810

LOGERS STATE BANK

STATEMENT OF CHECKING ACCOUNT

ACCOUNT NUMBER 10585851	FOR THE PERIOD 12-1 TO 1-1-77	PREVIOUS BALANCE 150.00

CHECKS AND CHARGES		DEPOSITS/CREDITS	DATE	BALANCE
20.00			12-2	130.00
		7.00	12-4	137.00
5.00			12-8	132.00
		3.00	12-14	135.00
S.C. 1.00			1-1	134.00
			NEW BALANCE	134.00

Jackie's Deposit Slips

DEPOSIT SLIP

NAME Jackie Guy
DATE Dec 1 19 76

	DOLLARS	CENTS
CURRENCY	3	00
COIN		
	5	00
TOTAL	8	00
CASH Deposit	8	00

LOGERS STATE BANK
10 5585 851

DEPOSIT SLIP

NAME Jackie Guy
DATE Dec 14 19 77

	DOLLARS	CENTS
CURRENCY	3	00
COIN		
TOTAL	3	00
CASH Deposit	3	00

LOGERS STATE BANK
10 585 851

Jackie's Cancelled Checks

Jackie Guy
P. O. Box 221
Clayton, FL 32810

116

December 1 19 76

PAY TO THE ORDER OF Josie Straker $20.00

Twenty and no/100 DOLLARS

LOGERS STATE BANK

FOR Expenses Jackie Guy

⑆053⑆-0058⑆ 010 5585851⑈

Jackie Guy
P.O. Box 221
Clayton, FL 32810

118

December 6 19 76

PAY TO THE ORDER OF Davis Drug Store $5.00

Five and no/100 DOLLARS

LOGERS STATE BANK

FOR Prescription Jackie Guy

⑆053⑆-0058⑆ 010 5585851⑈

1

Place a mark (✓) in the column labeled ☑ beside each check that appears on Jackie's bank statement. Place your marks in Jackie's checkbook below.

2

Place a mark (✓) in the column labeled ☑ beside each deposit that appears on Jackie's bank statement. Place your marks in Jackie's checkbook below.

Jackie's Checkbook

BE SURE TO DEDUCT ANY PER CHECK CHARGES OR MAINTENANCE CHARGES THAT MAY APPLY

DATE		CHECK NUMBER	CHECKS ISSUED TO OR DEPOSIT RECEIVED FROM	AMOUNT OF DEPOSIT		✓	AMOUNT OF CHECK		BALANCE 150 00
12	1	116	Joe Steaks				20	00	130 00
12	2	117	House of Sound				6	00	124 00
12	4	—	Deposit - Jerri Check	7	00				131 00
12	6	118	Davis Drug Store				5	00	126 00
12	10	—	Deposit - Tips	2	00				128 00
12	13	119	Game Tickets				9	00	119 00
12	14	—	Deposit - Tips	3	00				122 00
12	16	—	Deposit - Birthday $	11	00				133 00

3

Fill in each blank below with the proper amount. All of the information you need is on Jackie's forms.

a. The new balance on the bank statement is _____.

b. The current balance in the checkbook is _____.

c. The amounts of the outstanding checks are _____ and _____.

d. The amounts of the outstanding deposits are _____ _____ and _____.

e. The service charge is _____.